



Daily Report

East Europe

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Albania: Press Notes Perina's 'Harsh' Statement
AU2607132896

[FBIS Report] Three Albanian papers on 26 July report the statement on U.S. policy on Albania made by State Department official Rudolf Perina at the House of Representatives Subcommittee for International Operations and Human Rights on 25 July.

Tirana POLI I QENDRES in Albanian carries on pages one and three a 500-word report by "S.M." under the headline, "The United States Demands the Repetition of the Elections in Albania," which states:

"The United States has finally spoken about Albania's near future. Rudolf Perina, assistant secretary of state for Europe, put forward in a debate on Albania at the U.S. Congress yesterday the U.S. formula of local elections, a new constitution, and general elections. These three steps will determine 'future relations between the two countries,' as Mr. Perina himself said. However, the senior U.S. official did not rest content with this. In his statement, after welcoming the dialogue that has begun between the government and the opposition, he said that 'The basis on which U.S.-Albanian bilateral relations have so far been built has been weakened.' Perina said that 'The United States is reexamining its relations with Albania, including aid programs.'

"This is the first official U.S. statement openly demanding a repetition of the rigged elections of 26 May. It is furthermore the first time that the U.S. Government has threatened economic sanctions. So far, the U.S. position has been to investigate and eliminate the irregularities observed in the May elections, pointing out that further steps will be taken on the basis of the Albanian reaction. Asked about Mr. Perina's statement yesterday evening, Democratic Alliance leader Neritan Ceka said that the U.S. Government has asked for the same steps to be taken as those demanded by the opposition. 'The three pillars of our reasoning, local elections, a constitution, and general elections, are reflected in the stand of the United States. We welcome this.'

"After this harsh statement, Tirana can no longer say that it is merely dealing with advice. The government can continue to follow the path of self-imposed isolation, as in the rejection of the visit by Under Secretary of State Timothy Wirth, but this would face the government with a response that would not merely be political but economic. Meanwhile the chill in relations could return Albania to its position in Hoxha's time, which is no doubt the least desired result for everybody."

Tirana ZERI I POPULLIT in Albanian carries on page three an unattributed 300-word report on Perina's state-

ment under the headline "The United States Reexamines Relations With Albania."

Tirana GAZETA SHQIPTARE in Albanian carries on page three a 600-word unattributed report entitled "New Elections Proposed by the United States." Commenting on the "reversal" of U.S.-Albanian relations since the 26 May elections, the report concludes, "The government has considered this reversal to be a reflection of the influence of foreign and especially Greek lobbies, which will gradually decline. In the wake of yesterday's statement, it is not clear how far the freeze in U.S.-Albanian relations will extend. Until yesterday, they were the main pillar of Albanian foreign policy."

Albania: 'History of Arm Wrestling' With Washington

AU2907132696 Tirana POLI I QENDRES
in Albanian 28 Jul 96 p 3

[Commentary by S. Minxhozi: "The United States: 'New Elections Soon'"]

[FBIS Translated Text] The final answer of the United States on the rigged Albanian elections on 26 May arrived last Friday [26 July]. A declaration by State Department spokesman Nicholas Burns announced that "The United States calls for elections in Albania soon." This is because, according to Mr. Burns, "Tirana's efforts in response to the criticisms of foreign observers have not been satisfactory." The news, carried by REUTER yesterday, constitutes Washington's final position over the Albanian elections, which are now officially considered to be invalid.

There has been a history of arm-wrestling between Tirana and Washington since 26 May. Viewed as Albania's leading political and military partner, the United States has suddenly adopted extremely tough language over the rigging which was evident at the elections and which made them in practice worthless. The United States was among the first Western countries to express deep concern over recent developments in the country, pointing out that the voting in 1996 marked a step backward in comparison with the elections of March 1992. This marked the beginning of a crack that was to deepen following a pronounced chill on the part of the United States, which did not even take part in the opening of the new parliament. Meanwhile, Berisha has refused to receive two senior U.S. personalities, and the government press has begun to attack "the Greek-American lobby," for disrupting relations. The speech of Rudolf Perina, deputy assistant secretary of state, to the U.S. Congress a few days ago and especially the most recent U.S. official statement remove all shadow of doubt about the U.S. position over the polls. Relations

will now exclusively depend on the steps Tirana will take to repeat the elections.

Since 1991, Albania has benefited from U.S. aid programs to the tune of \$200 million. However, U.S. political support has all this time been even more important, and without it our country would have found it very difficult to become integrated in international institutions. The lack of such support from now on will be no small handicap for Albania, and the blame for this falls on those who govern us. Tougher language from Washington will no doubt lead to higher tones of voice in other Western chancelleries, whose attitudes have traditionally been guarded and interdependent. This formula has been proved more than once, when the single U.S. voice has been able to make decisions that have been shirked by the complicated and hamstrung organizations of united Europe. The press's favorite example of this is the solution to the conflict in the former Yugoslavia.

With the United States' official position on the rigged elections, the "stakes" have risen very high for our president and his party. The Albanian state will have a hard time trying to develop normal relations in an increasingly hostile political climate, especially now, when its energies appear to have been exhausted after the noisy campaign of 26 May.

Albania: Berisha's Refusal To Meet Senator Engel Viewed

AU2607125996 Tirana KOHA JONE in Albanian
26 Jul 96 p 3

[Commentary by L. Skiroi: "Berisha's 'Encore' in the Anti-American Show"]

[FBIS Translated Text] BBC radio reported yesterday that U.S. Congressman Engel has recently been visiting the countries of the Balkans. According to the radio, Engel visited Serbian President Milosevic and talked mainly about the issue of Kosova. Senator Engel himself, in a special interview granted to the BBC, commented on his efforts to persuade the Serbian president to sit down to talks with the Albanians of Kosova, even without international mediation. He said that Mr. Milosevic's reply was that "This is an internal affair of Yugoslavia."

Asked by the interviewer about his present visit to the Balkans, the congressman said that he had planned meetings with Macedonian President Gligorov and Albanian President Berisha, but whereas the first, the congressman said, was away from Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], Albanian President Sali Berisha refused to receive the congressman, saying that he was busy.

Berisha's refusal to meet Senator Engel is his second rejection of a senior U.S. political personality in a few days. The first person he refused was U.S. Assistant Secretary of State Timothy Wirth, while his second was Mr. Engel yesterday. In his interview, Mr. Engel confirmed once again the rejection that Berisha had dealt out to T. Wirth, on the same pretext as that offered to Engel, "I have no time." Analysts both at home and abroad have pointed out that Berisha's refusal to meet senior U.S. personalities is connected with his unwillingness to face up to the arguments of U.S. policy about the irregularities in the Albanian parliamentary elections.

Senator Engel also dwelt in his interview on this delicate point in the Albanian political situation. He said that he had previously visited Berisha and, this time, wanted to talk specifically about the 26 May elections "in order to hear his arguments." This was impossible, however, after the Albanian president shut his door to the second American. The present situation, in which the United States, as a champion of democracy, is seeking the correction of the marked irregularities during the parliamentary elections, in which the Albanian Government led by the president himself is taking no notice of the voice of the U.S. Government and U.S. institutions, and in which Berisha himself is refusing to meet well-known U.S. personalities, can only be interpreted as coolness on the part of the Albanian Government toward the United States.

Speaking about relations between Albania and the United States, Senator Engel spoke more than once the solitary phrase "Albania's relations with the United States are very important." Asked whether he noticed a coolness between Albania and the United States, Senator Engel replied again that President Berisha had twice refused to meet for talks with two emissaries of the U.S. Government and implied that this is a matter of weight in the climate between Albania and the United States.

Tritan Shehu, the new Albanian foreign minister, was also asked about Senator Engel's interview. He replied that there is no coolness and that we offered the U.S. personalities meetings with other people, which they declined. We can receive them at another time.

E. Engel is a senator who knows the problems of Albania very well and is chairman of the Albanian group in the U.S. Congress. Above all, Engel is the man who took to President Clinton the petition to invite Berisha to the White House.

Albania: Prison Director Gunned Down in Tirana Suburb

*AU2607203296 Tirana ATA in English
1434 GMT 26 Jul 96*

[FBIS Transcribed Text] Tirana, July 26 (ATA)—Director General of Albanian prisons was shot dead on Friday morning in the suburbs of Tirana where he lived, a press release of the Albanian Justice Ministry said. Bujar Kaloshi, 40, was killed by two men who were wearing sports clothes when they ran close to the car he was stepping into and fired at him several times at the head. The assailants also fired at the driver who managed to escape and seriously injured a passerby around fifty who was hospitalized. Kaloshi, a father of two children, died on the spot. The driver Arben Duka is on a bad psychic condition.

At the moment of the attack Kaloshi was accompanied only by his driver who was unarmed. Witnesses said that the assailants left in a grey car thought to be of Fiat Regata type. The event happened at 7.40 a.m. (local time), the spokesman of the Interior Ministry said.

Kaloshi lived with his family in a suburb of Tirana near an airfield in homes built for the formerly politically persecuted. "We still have no information on the motive of the attack," a police source said to ATA.

The autopsy revealed that three out eight bullets had hit him on the head.

His Kaloshi family and relatives have been persecuted and interned since 1946 by the communist dictatorship. Kaloshi was born in internment in 1956 in Grabjan, Lushnja, where he finished the secondary school (children of the persecuted families were not allowed to continue the higher studies). In 1990 he was one of the main organisers of the democratic processes in Lushnja and one of the founders of the DP division in Lushnja. After the introduction of democracy, he was appointed as the chief of the Staff Directorate at the Financial Police Department and since 1995 he has been the General Director of the Prison Administration having a Colonel grade. He graduated the Law Faculty and Military College in 1955.

Slovakia: Meciar on NATO, Opposition, Russian Trade

*LD2607223496 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1636 GMT 26 Jul 96*

[Regular weekly interview with Slovak Prime Minister Vladimir by Peter Toman; place and date not given]

[FBIS Translated Excerpt] [Toman] The U.S. House of Representatives has passed a law allocating \$60 million to prepare Poland, Hungary, and the Czech Republic for entry into NATO. [passage omitted]

Although the law has not yet come into effect and has yet to be approved by the U.S. Senate, it does have the backing of President Clinton. How, Prime Minister, will this signal from overseas influence our foreign policy in the coming months?

[Meciar] The economic impact of the aid package is not very great because each state gets on average 600 million Slovak crowns while the costs will be many times greater. However, the political importance is clear. From the point of view of the amount of signals which have been building up for a long time, it can be seen that the Slovak Republic did not get this assistance and nor has it committed itself to certain programs, as have these countries, above all in the field of aviation technology. [sentence as heard] And we have to come to terms with these facts at home above all.

Under no circumstances does this mean that the Slovak Republic's interest in joining NATO has decreased. It remains and if we are not in at this stage we shall keep on trying. It is also not only a reaction to domestic political developments in our country but also to geopolitical relations which are now taking on quite a clear form and which cannot be ignored.

As far as giving priority to three candidates—Poland, the Czech Republic, and Hungary—is concerned, we may have a legitimate advantage in that if Hungary, with its nationalist government policy, interference in internal affairs, destabilization of the conditions in other countries and its commitment to contribute from the state budget, is to be a NATO member, then the strategy of double standards is more than clear. [sentence as heard] I think the decision to give priority to Hungary without taking into account the countries surrounding it is mistaken.

[Toman] In this connection, foreign countries are expecting [us to take] accommodating steps on our internal political scene as well, for example, by increasing opposition representation on some parliamentary supervisory bodies and councils for mass media. Prime minister, can we expect any such changes?

[Meciar] Here we have to differentiate between what is said abroad and what the reality is. Lots of untruths are being said about us abroad and a number of representatives from other bodies are telling lots of lies and responding badly.

The opposition is [represented] in all the bodies of the National Council [Slovak parliament]. There is no need to create a situation where it [the opposition] should open doors and get in. The only difference is whether someone is there as an ordinary member or as a deputy chairman or a chairman of a committee. But that is not a crucial matter. [passage omitted]

As far as our further steps in this respect are concerned, we must conduct political talks but the question is how to do that. The Democratic Union refuses to hold talks but if they do not want to talk, they cannot expect us to beg them to be so kind [and talk to us]. The [ethnic] Hungarian parties have adopted and signed a program which is absolutely unacceptable to us. And the Christian Democrats' strategy is: The worse the better. Therefore, only the results of concrete political agreements and talks can change something in these matters.

As far as Slovak Television is concerned, some members' terms of office are coming to an end and, of course, new ones will be elected. They should be elected on the basis of agreements between political parties, provided they are capable, and they are not very capable, and willing to talk, and they are not very willing. Only then is it possible to change the situation.

[Toman] In the first half of this year, Slovakia's foreign trade deficit reached almost 27 billion Slovak crowns. The decisive component of this figure is our deficit with the Russian Federation—25.5 billion crowns. What is the government doing to halt this negative trend?

[Meciar] The government is in an extremely difficult position. First of all, there is political bias against Russia in that, whereas in 1995 we put all our efforts into achieving balanced trade with Russia, everyone—be it someone from our opposition or abroad—was casting doubt on these efforts and attaching a political subtext to them which has never existed.

The Slovak Republic has a chance to get, in a certain advantageous way, into the Russian market with very liberalized relations. On the other hand, there are political obstacles in our country as well as in many EU countries, according to preliminary findings, to this looser liberalization of trade relations. This is the reason why we are, in effect, economically forced to cooperate with Russia. Even if they increase their prices, it will still be cheaper to buy from them than from any other

sources. The dependence is clear. Our deficit will be even higher at the end of this year. That is why we are looking for ways to remove the political obstacles. It is surprising for us because the EU countries are also expecting to liberalize trade with Russia by the year 1998. However, if Slovakia were to do it sooner, that would raise yet more questions about the country. [passage omitted]

Slovakia: HZDS Deputy Interprets U.S. Congress' Action

AU2907081596 Bratislava SME in Slovak 26 Jul 96
p 2

[Report by "bog": "'Corrections' Will Take Place in Slovakia in September, D. Slobodnik Claims"]

[FBIS Translated Text] Bratislava—Dusan Slobodnik, chairman of the National Council of the Slovak Republic Foreign Committee for the Movement for a Democratic Slovakia [HZDS], repeatedly confirmed the interest of the Slovak Republic in joining both NATO and the EU at a news conference of the movement yesterday. He observed that, as Prime Minister Vladimir Meciar promised, certain "corrections" will be implemented in the Slovak Republic in September—the STV [Slovak Television] Council is to be reorganized and talks will be held with some opposition parties about other changes. A deputy for the HZDS, M. Aibekova, expressed the opinion that changes certainly will take place—in the case of the STV Council members, for instance, she observed that their term in office is coming to a close anyway. She has neither confirmed nor ruled out a representation of the opposition in other bodies but noted the need for political talks. She admitted that there have been "comments from abroad" on the development in the Slovak Republic. HZDS Deputy J. Cuper said that the U.S. Congress bill does not need to be glorified. "The bill says that the U.S. Congress favors these three countries in admission to NATO, and that the U.S. Congress does not favor the Slovak Republic," Cuper said.

Slovakia: Political Parties React to Congress' Decision

AU2607140596 Bratislava PRACA in Slovak
26 Jul 96 p 2

[Report by "(koll)": "We Should Not Trivialize the Political Message of the U.S. Congress Decision"]

[FBIS Translated Text] Bratislava—The U.S. House of Representatives decided on Tuesday [23 July] to provide \$60 million in financial aid for three of the applicants for membership in NATO: the Czech Republic, Hungary,

and Poland. Thus Slovakia is not to receive financial assistance. How do the political parties view this?

Social Democratic Party of Slovakia: "If Slovakia does not get financial assistance, this cannot be viewed as anything other than a clear signal that, at the moment, no consideration is being given to specific steps oriented toward Slovakia's admission into NATO," said Deputy Chairman Miroslav Spejl.

Slovak National Party: "It is not clear if the approved \$60 million is only for Poland, Hungary, and the Czech Republic or if it is also for other applicants, money that, according to the law, the U.S. President has the power to assign. According to the estimates of U.S. experts, NATO enlargement will require \$64 billion in its initial stage. If we compare these two figures, the reader will certainly work out for himself that in view of the size of the project, this sum is negligible. I am convinced that the Slovak Republic has no reason to get too 'agitated' about this issue. After all, the law does not rule out the possibility that similar assistance may also be given to the Slovak Republic and other countries in the future. It is, however, worth bearing in mind whether U.S. and EU officials are sincere about the Slovak Republic's integration into the EU and NATO or whether they are creating problems artificially," said Deputy Chairman Jozef Sedovic.

Coexistence: "This is a very serious warning signal. The Slovak Government is ignoring the conditions that have been stipulated for entry into the international structures, that is, the creation of the necessary economic and democratic sociopolitical environment as well as thorough respect for minority rights. The Movement for a Democratic Slovakia and its coalition partners alone, and definitely not the Hungarians, the opposition political entities, and democratically thinking journalists, will bear the responsibility for the squandered historical opportunity," said Deputy Chairman Jozsef Kvarda.

Democratic Union [DU]: "The political message of this decision is, in the opinion of the DU, very important and clear for Slovakia. It is an especially serious warning that given the policy being pursued by the current government, we will have problems with getting into NATO. In this context, the intended 'additional lobbying' by Slovak politicians in the U.S. Congress seems to me to be ridiculous. They would have to change their policy first and then go to Washington to lobby. Instead of going there to lobby under the current situation, it would be better if they stayed at home and used the money saved on the flight tickets for more sensible things," commented Deputy Chairman Eduard Kukan.

Christian Democratic Movement: "We view this as the consequence of the bad policy of the current government," emphasized Deputy Chairman Mikulas Dzurinda.

Slovakia: Opposition Figures Comment on Congress' Decision

AU2607125396 Bratislava SME in Slovak 26 Jul 96 p 2

[Report by "(bog, sp, rej)": "The Opposition Is Appealing for a Change in Government Policy"]

[FBIS Translated Text] Bratislava—Democratic Union Deputy Chairman E. Kukan said to SME yesterday that the decision by the U.S. Congress cannot be regarded as unexpected, because several U.S. representatives have already warned the Slovak Government of the shortcomings in democratic development. "The decision by the U.S. Congress is in the nature of a recommendation for the U.S. President, and the fact that three states are named in it means that it is politically important. It also states in the text, however, that the President may also provide this financial assistance to other states at his own discretion. The current Slovak Government should draw conclusions from this and change its policy," he said.

Christian Democratic Movement Deputy Chairman F. Miklosko told us that the problems in Poland, Hungary, and the Czech Republic are no smaller than those in Slovakia. "The difference is, however, that in none of these countries is the president's son kidnapped, there are no vulgar telephone conversations between the interior minister and the secret service chief, no tasteless statements are made by the prime minister at meetings, and cars with R. Remias in them do not blow up. The civilized and democratic West sees this difference and, therefore, at the moment, it is pushing the Slovak Republic aside," commented Miklosko.

The deputy chairman of the Hungarian Civic Party (MOS), L. Gyurovsky, said that the intention to adopt material in the National Council of the Slovak Republic [NR SR] in which the Slovak Republic would declare its interest in joining NATO does not, in his opinion, make sense without a change in the coalition's policy. Instead of the adoption of the intended declaration, the MOS is suggesting that the expansion of parliament's bodies, the National Property Fund, the media councils, and the special supervisory body [to oversee the activity of the Slovak Information Service] to include opposition representatives be placed on the agenda of the next NR SR session and is demanding that the proposed amendment to the Penal Code not be approved. L. Gyurovsky is convinced that D. Slobodnik should step

down as head of the NR SR Foreign Committee because of his absolute incompetence.

"It is incomprehensible to me how lukewarm the reactions to the decision by the U.S. Congress are; this is, perhaps, the first step in which it is beginning to view the Slovak Republic as a second class country. This decision may have an impact on all citizens, regardless of their political views," declared independent Deputy M. Kocnar.

Slovakia: Exclusion From U.S. NATO Aid Analyzed

AU2907082296 Bratislava SLOVENSKA REPUBLIKA in Slovak 26 Jul 96 p 1

[Commentary by Lubomir Hudo in the "Public Matter" editorial column]

[FBIS Translated Text] The House of Representatives of the U.S. Congress approved the Republican-proposed bill on the appropriation of \$60 million for Poland, Hungary, and the Czech Republic with a view to facilitating the expansion of NATO. The bill is yet to be approved by the Senate, which will supposedly be just a formality. The fact that Slovakia does not figure among the aforementioned countries is a clear signal of our rejection. Who is to blame for this? The government, of course, and no one else. It will be enough to replace it [the government] and the U.S. Congress will fundamentally change its attitude and will pamper the "qualified and chosen democrats" from our political scene. This would apparently correspond to the trains of thought of those Slovak politicians whom the "insufficiently informed" voter will not allow to pick up power from the ground or in parliamentary lobbies. The fact that Slovakia ranks first among countries, whose participation in activities needed to qualify for NATO membership the United States will continue to support, is supposedly a weak consolation. Despite the promised millions, it is still questionable when, and before which countries, the strategists in Brussels and Washington will open the gates. Although muscle-flexing rhetoric rejecting a Russian veto can often be heard, the importance of Moscow, whose role representatives of transatlantic structures do not underestimate in the least, must realistically be taken into account. Despite the latest statements by General Lebed, who does not object to the expansion of NATO but considers it costly and unnecessary, Russia rejects the entry of new countries into the Alliance even if nuclear weapons and troops will not be deployed on their territories. While for some of our politicians and journalists everything is absolutely clear, this is not quite true of the Americans. In conjunction with an interview with Yevgeniy Primakov, the chief of Russian diplomacy, THE NEW YORK TIMES states with regard to

the NATO expansion issue that the most suitable solution would be negotiations, in which nothing is decided and ruled out in advance. The best thing would be to only talk about this issue until the year 2020. In other words, the dollar injection is no guarantee that the NATO admission ticket is in the bag and that, as early as tomorrow, Brussels will be preparing the triumphal arch for only the chosen ones.

Slovakia: Benefits, Drawbacks of Delay in NATO Entry

AU2607132296 Bratislava HOSPODARSKE NOVINY in Slovak 26 Jul 96 p 1

[Commentary by Jaromir Novak: "NATO's Double Standards"]

[FBIS Translated Text] Tuesday's vote in the House of Representatives of the U.S. Congress on the bill on NATO's eastward expansion signals that Slovakia will join this military alliance somewhat later than neighboring Poland, Hungary, and the Czech Republic. The question being asked most often in this context is what, in fact, will Slovakia lose? Leaving aside the immense loss of international prestige, trust, and several tens of millions of U.S. dollars earmarked for the Army's modernization, which we would have been able to obtain by being included in the first group of candidates, the answer is outwardly simple. We are not losing anything. It could even seem that, in the near future, we might profit from the fact that NATO "forgot" us for a moment. Our neighbors' experience with NATO membership (whether positive or negative) can be a good opportunity to reflect on what NATO membership actually entails—to what degree it will burden the state treasury, what kind of changes will take place in the Army, and, which will also be worthy of consideration, whether the attitude of the international public toward the newly admitted countries will change for the better. Capitalizing on this experience, Slovakia could become much better prepared for its full-fledged and mature NATO membership. "Maturity" itself is a very vague term, however. For example, if Slovakia is being reproached for (among other things) its minority policy, Turkey, with its campaign for the extermination of the Kurds (with the help of German weapons!), should have no right to be in NATO at all. Are not all minorities equal? NATO may be gauging its future members carefully, but it is doing so using two different yardsticks.

Another aspect that we cannot fail to ignore is that the policy of expanding NATO contradicts its original mission—to strengthen security and stability in Europe. This fact was recently indicated by Romania, for instance, when it pointed out that it is very shortsighted,

in view of its unsettled relations with Hungary (again because of the minorities issue), initially to admit only Hungary. In the case of any disputes, Hungary (as a member of NATO) would be favored. The same is true of Slovak-Hungarian relations. Can trust be built in this way? Is this an expression of security?

Slovakia: Daily Views Congress Decision on NATO Aid

AU2607172796 Bratislava PRACA in Slovak 26 Jul 96 p 5

[Commentary by Zuzana Kollarova: "We Are Not Among the Favorites of the U.S. Congress; It Is Necessary To Look at Ourselves in the Mirror"]

[FBIS Translated Text] According to our Defense Ministry, the recent provision of the NATO questionnaire on defense planning was confirmation of the progress made in partnership cooperation between the Slovak Republic and the North Atlantic Alliance.

The questionnaire is supposed to assist us in transforming our defense planning into a system compatible with the armies of the NATO member states. We are expressing satisfaction with the cooperation, and we already see ourselves with one foot among the NATO members. The information that has reached Slovakia from across the big pond has well and truly impaired these optimistic visions. The U.S. Congress House of Representatives approved on Tuesday [23 July] the Republicans' draft law on facilitating NATO enlargement. America wants to provide \$60 million to help the countries that "have made the most progress in fulfilling the stipulated criteria." Slovakia is not among the select countries (Poland, Hungary, and the Czech Republic). It is not necessary to cry over a few dollars (although, it goes without saying, we could do with them). Something else is more important: The most powerful state in the Alliance is making it clear to us in this diplomatic, but emphatic way that we do not belong where we would so much like to belong (with both feet). Again, as on many occasions in the past, part of the domestic political scene immediately made light of this step. On behalf of all such views, here is the view expressed by Jan Cuper (Movement for a Democratic Slovakia):

According to him, the law approved by the House of Representatives does not say that Slovakia could not be a NATO member. Apparently, it just says that the United States favors three countries. It is, seemingly, supposed to be of some comfort to us that Slovakia has been pushed into first place among the countries in which the United States "will continue to support participation in the activities necessary for qualifying for membership in NATO." This is poor comfort; it

may be enough only for those who are shortsighted and want to deceive themselves. It is too early, claim the optimists, who lack realism, to talk in this case about a defeat for our diplomacy while the whole process of NATO admission is at the negotiation stage. Apparently, we have enough time; at least until next spring, when they should make the decision about us. Enough time (as Dusan Slobodnik has said) for us to take, within the state, the measures that will show that we are proceeding along a democratic path. The question—so far unanswered—is whether the current ruling team is at all capable of doing what the world expects of us. Namely, if there had been the will (for example, to restructure the special supervisory body [for overseeing the activities of the Slovak Information Service], the National Property Fund, the television and radio councils...), we would not have to wait for the anticipated changes toward the democratic filling of these institutions. This requires a change in the style of politics. If Slovakia is relegated from the "premier league" of the countries joining NATO, investors will view this in their own way. We will not convince them of our prosperousness. They will only invest where they are certain that they will not lose their money. How will we justify ourselves if the second wave of admissions into NATO does not take place at all? The culprit is more or less known today. According to V. Meciar, the entire political scene—but, mostly the opposition, ill-wishing journalists, and, of course, the president—has the country's bad image on its conscience. The National Council of the Slovak Republic [NR SR] Foreign Committee discussed Slovakia's incorporation into NATO at an extraordinary session on Wednesday [24 July]. The committee's members have, apparently, prepared a draft declaration that all of the parliamentary clubs will receive. According to them, the NR SR should discuss it in September. In this document, we are supposed to declare Slovakia's interest in joining NATO as well as our endeavor to meet the commitments that the Slovak Republic has accepted. No one doubts our interest. The flaw is that there is no inclination to fulfill in real life what the Alliance requires of us. Fulfilling the requirements, and not declarations, may change the view of U.S. congressmen of Slovakia. Therefore, let us not make light of the most recent warning signal.

Slovakia: Lobbying To Revise NATO Bill Seen as 'Futile'

AU2607124196 Bratislava PRAVDA in Slovak
 26 Jul 96 p 4

[Commentary by Leopold Moravcik: "Lobbying Is Needed at Home"]

[FBIS Translated Text] The recent decision by the House of Representatives of the U.S. Congress to pass a law that names three specific countries that are fit to receive NATO integration aid has aroused much greater attention than it actually deserves. As a matter of fact, many far more serious signals have already come from the West and also from the United States warning that, if Slovakia will continue to ignore their reservations, its integration into the North Atlantic alliance will be delayed. All commentaries and remarks on the aforementioned vote fail to pay heed to three important facts: First, the decision is not final and is only in the process of approval. Second, elections are drawing near in the United States, at which congressmen in the House of Representatives will also be chosen, and, third, an incessant dispute is under way in the United States between supporters of accelerating the expansion of NATO and advocates of a slower pace.

The Republicans' bill mentioning Poland, Hungary, and the Czech Republic as countries that have made "the biggest progress in fulfilling the set criteria" for integration into NATO has been known for some time, and it was U.S. President Clinton who opposed such a wording of the law and preferred a more general formulation without using the names of specific countries. This is also why the following passage has appeared in the bill, apparently in an endeavor to reach a compromise: "The President will determine further emerging democracies in central and eastern Europe as fit to receive assistance according to the program...." It is interesting that Slovak commentaries do not pay any heed to this important passage of the bill. If the President uses his right and names further countries entitled to receive U.S. aid, it will be a significant signal, but one indicating, first and foremost, the U.S. stand on the pace of NATO's expansion.

In the wake of the passage of the bill in the House of Representatives, alarmist ideas have appeared in Slovakia about the need for "additional lobbying" in the U.S. Congress in Slovakia's favor. As a matter of fact, this would be a futile endeavor. If President Clinton manages to push through his concept of NATO expansion, then Slovakia should appear on the list of countries entitled to receive aid anyway. Therefore, if Slovakia needs something, it is lobbying at home. The tendency of the present government to delay the

realization of promised changes that would convince the West that we really are on the road toward democracy could be the dividing line at which we will learn that the train heading for the European and Atlantic structures, which we would like to board, is long gone. [sentence as published]

Slovakia: Government Blamed for Delay in Joining NATO

AU2607140396 Bratislava NARODNA OBRODA
in Slovak 26 Jul 96 p 9

[Commentary by Julius Gembicky: "The Loss Concerns the Entire Slovakia, the Tab Goes to the Government Coalition"]

[FBIS Translated Text] Since the House of Representatives of the U.S. Congress passed the bill on assistance to the NATO-membership hopefuls, the chances of Slovakia joining the North Atlantic Pact became a rather theoretical proposition. Although, to be precise, it must be mentioned that even the exclusion of the Slovak Republic from the approved \$60 million aid for Poland, the Czech Republic, and Hungary is not a definite slamming shut of the door to the alliance for Slovakia, it is the last warning for Vladimir Meciar's cabinet before the doors, not only to the military, but also to the economic and political European structures really are hermetically closed.

Still, at a recent meeting in Vaduz, Liechtenstein, between Brigita Schmognerova, deputy chairman of the Party of the Democratic Left and deputy of the National Council of the Slovak Republic, and Eleonor Sutter, former U.S. charge d'affaires in Bratislava, and the U.S. ambassador to NATO posted in Brussels, the two Americans confirmed that the purpose of the bill and the financial resources for three candidates is not meant to definitely eliminate Slovakia from the first round of the process of admission to the defense alliance. The passage of the bill is of fundamental importance for the U.S. President, above all, to make it possible for him in the near future to easier push through the implementation of the integration of these candidates into NATO. Therefore, with the passage of time, in this context, it is possible to take as an April Fool's joke the statement by Slovak Foreign Minister Juraj Schenk that, even if the U.S. Congress passed the bill not including Slovakia, then "President Bill Clinton would most likely veto the bill."

So, when Dusan Slobodnik, chairman of the Foreign Committee of the National Council of the Slovak Republic, said at the regular news conference of the Movement for a Democratic Slovakia yesterday that it is not all up with Slovakia, he was partly right.

Nevertheless, a genuine miracle would have to take place on the Slovak domestic political scene within the next two months. Nothing indicates, however, that such a miracle is going to happen, as the "rebels of parliamentary democracy from the Slovak National Party and the Association of Workers of Slovakia" obediently returned to the normalized coalition corral, and the recent session of the Republic Presidium of the Movement for a Democratic Slovakia in Kamenice nad Cirochou also shied away from the necessary changes and reconstruction. The only sign indicating that matters could move from the dead center is the fact that the National Property Fund Presidium did not have a quorum again yesterday to decide on 30 direct sales, as promised by Fund President Stefan Gavornik (Association of Workers of Slovakia), which would also mean a violation of the unilateral written promise by Vladimir Meciar to the Party of the Democratic Left to halt privatization until the National Property Fund bodies are restructured.

One can also agree with Dusan Slobodnik when he says that he would consider the non-admission of Slovakia into NATO a loss for all of Slovakia. It is absolutely unacceptable, however, if the Movement for a Democratic Slovakia wants to pass the hefty tab for this to the president, the opposition, or ill-wishing journalists. After all, it was not them who allowed debates within the government coalition on the neutrality of Slovakia and a referendum, and who listened in admiration to the self-styled Euroskepticism of the former doyen [exbatko] Vladimir Minac, who perceived the reproaches in demarches as praise of Slovakia. The coalition should rule until the elections, if only for the voter to be able to chalk up what it owes to its policy statement.

Slovakia: Kovac on Government, NATO, Minorities

AU2607131896 Vienna DIE PRESSE in German
26 Jul 96 p 9

[Interview with Slovak President Michal Kovac by Andreas Unterberger; place and date not given: "No Talks Whatsoever Have Been Held Between the President and Prime Minister"]

[FBIS Translated Text] [Unterberger] Are you able to perform your office without impediment, or are you under substantial restraints from the government?

[Kovac] Unfortunately, I feel considerably restrained by the government and also by the majority in parliament.

[Unterberger] How does this manifest itself?

[Kovac] The resolution by the parliamentary majority, which expressed no confidence in the president, still

applies. The government's call for the president to resign still applies. Budgetary and financial restraints on the work of the Presidential Chancellery are being applied. There is no contact whatsoever between the president and prime minister. Contacts between the president and individual government members are also very restricted.

[Unterberger] That means you never see the prime minister in order to talk to him?

[Kovac] No, there are no such talks.

[Unterberger] Apparently, your son is going to appear before a court soon, while some of his kidnappers remain free following the discontinuation of the relevant investigations. What do you say to this?

[Kovac] I regret to say that the relevant bodies are preventing my son from giving evidence before the Munich judiciary. His passport has been confiscated. As long as the criminal proceedings are in force in Slovakia, he cannot get his passport back.

It is true that the investigations into my son's kidnapping have been discontinued. They reached a deadlock, also because the prime minister kept presenting new scenarios of the kidnapping. One of his latest scenarios is that the president knew about his own son's kidnapping and did nothing about it.

This course of action is dangerous. On the one hand, it affects the investigations by the relevant bodies. On the other hand, it suggests that the president, with a mind to destabilizing the political situation in the country, was aware of a criminal action, tolerated it, and did not prevent it. This is not true, of course.

[Unterberger] In view of all the criticism, the government keeps referring to one success, namely economic development. It is very good, is it not?

[Kovac] Economic development is really very good. It shows that, in the economic sphere, all the achievements of the past—the liberalization of the economy and also democratization—are still in effect.

[Unterberger] There are rumors that a change in the ruling coalition could occur soon. Do you consider it likely?

[Kovac] Yes I do, for the prime minister also considers such a change possible. It depends on how the negotiations between the HZDS [Movement for Democratic Slovakia] (Prime Minister Meciar's party) and the Party of the Democratic Left [SDL] (reformed communists) over support for an HZDS minority government proceed.

So, right now, we are not concerned with a new coalition, but with the possibility of tacit support for an HZDS minority government. But, for the time being, Prime Minister Meciar prefers a continuation of the coalition in its present form. From this one can conclude that the conditions for the SDL's support for such a government are less acceptable to Meciar than the continuation of the present coalition.

[Unterberger] There are many indications from the United States and NATO that Slovakia will not be in the first group of countries to be accepted into NATO. Does that disappoint you?

[Kovac] I, for one, am not disappointed. But we are not facing final decisions here, just warnings. It is true that we keep receiving negative remarks about how the process of democratization in Slovakia is proceeding. But, at the same time, we also hear the wish that Slovakia should join the EU and NATO in the first stage.

I think Slovakia still has good chances of this, provided that it starts sending positive signals abroad, to the EU and to the United States.

[Unterberger] In what way?

[Kovac] It should send a signal that the situation that took place on the night of 3 to 4 November 1994 is being changed.

[Unterberger] What happened then?

[Kovac] On that night, a major change occurred to the parties' proportional participation in the work of parliament and in their control over the government's work, so that no members of the opposition are represented in the parliamentary presidium; no deputy speaker of parliament is an opposition member, and in the parliamentary committees, too, none of the chairmen is an opposition member. All these posts are occupied exclusively by coalition politicians.

After that, a change occurred to the composition of the Radio and Television Council. The directors of radio and television were replaced by people nominated by the coalition. The same applies to the body that supervises the security services.

Further criticism from the EU, the European Parliament, and the United States concerns privatization. They say it is not transparent enough. In addition, there is also criticism about relations between the president and prime minister. Specifically, the desire here is to clarify the kidnapping of the president's son.

[Unterberger] So you consider the West's accusations toward Slovakia to be justified.

[Kovac] Personally, I consider them justified. I am pleased that the prime minister is already hinting at pledges whereby Slovakia is concerned about sending positive signals abroad. Although he says that it is not just the government, but also the opposition and president who are responsible for Slovakia's negative foreign ratings, I do not think it makes any sense to discuss this. The important thing is that only the ruling coalition can make a correction and improve the situation.

[Unterberger] But, according to some Western reports, the government does not want to make any genuine concessions. There is a danger of an anti-Western mood and of a search for a closer relationship with Russia.

[Kovac] I think such sweeping views are unjustified and do not conform to Slovak reality. Perhaps these reports are colored by the certainly abnormal way in which Slovakia reacts to foreign criticism.

But the prime minister and entire ruling coalition know very well that the majority of the population is in favor of joining NATO and the EU. At the same time, the population realizes that that it is not the EU countries that have to adapt to Slovakia, it is Slovakia that has to adapt to the EU. Were Slovakia to remain outside, everyone would know that the government is to blame, and that would certainly have repercussions in the next elections.

[Unterberger] So there might be a situation in which Hungary joins NATO, while Slovakia will have to wait. Does this not pose a specific security problem for your country?

[Kovac] Yes, I think it does. But as long as Slovakia has genuine prospects of being accepted into NATO, even if this happens later, the matter is no more topical than it is for other countries like Bulgaria or the Baltic republics. But Slovakia's exclusion from the consultations on NATO entry at this stage would probably have a negative impact on the domestic political situation and on Slovakia's possible membership of the EU.

[Unterberger] Do the minorities in Slovakia have adequate protection?

[Kovac] I think they do.

[Unterberger] Apart from the question of democracy, this is the second subject of the international criticism of Slovakia.

[Kovac] Yes, but I consider this criticism exaggerated, because the actual situation of minorities in Slovakia is better than their situation in Hungary.

[Unterberger] In Austrian public opinion, Slovakia is developing a rather negative image regarding quite a

different problem. Slovakia appears as a den of crime and of car smugglers. Is the government doing enough to safeguard order here?

[Kovac] I cannot judge for sure, but I assume that the government is doing something, because it is very concerned about good relations with Austria. In my opinion, Slovakia is no exception. I imagine that similar problems also exist with Austria's other neighbors, such as Hungary or the Czech Republic.

[Unterberger] Last year, you sued a newspaper that wrote that you had an account with an Austrian bank containing millions [currency unspecified]. What happened?

[Kovac] The case is continuing, the criminal proceedings are in force. But the chief editor of this newspaper, SLOVENSKA REPUBLIKA, has not been questioned to this day. I will insist on a continuation of these proceedings. I will also insist on this matter finally ending up in court and an adequate sentence being passed.

[Unterberger] Are the judiciary and the courts in Slovakia really functioning independently, in accordance with all western European standards?

[Kovac] As for the judiciary, I am convinced that it is functioning independently. But that does not apply to other bodies like the State Prosecutor's Office, because, here, I see major influence from the political parties. Therefore, this office is not independent of political power. And here, too, systemic changes are required. The investigators should not just belong to the police, they should also be a component of the judiciary.

Slovakia: Hudek-Lexa Recording Said 'Compiled' Overseas

AU2607203696 Bratislava PRACA in Slovak
26 Jul 96 p 2

[Article by Boris Tytykalo: "The Lexa-Hudek Recording Was Made Overseas"]

[FBIS Translated Text] Bratislava—The affair surrounding the telephone conversation between Ivan Lexa and Ludovit Hudek has died down recently. It is known that there are several foreign expert analyses confirming its authenticity. So far, the Slovak investigators are keeping quiet and are maintaining that their expert analysis is still not ready. The state secretary at the Interior Ministry, Pavol Kacic, has said that, in the opinion of the experts dealing with this matter, this conversation is made up from at least 30-50 conversations.

It was produced using state-of-the-art technology. It seems, said P. Kacic, that this recording was not even

made in Slovakia, but somewhere else. At the same time, there is a suspicion that it was compiled overseas.

Although the expert analyses carried out in the Czech Republic and Austria confirm the authenticity of this conversation, according to P. Kacic, it is impossible to accept this completely, because such a "beautifully polished" conversation cannot be put together in the aforementioned countries. On the other hand, he claims that a clever student would be capable of producing such a conversation on two high-quality tape recorders.

In reply to a question from Radio Twist on how it is possible that conversations in the Slovak Interior

Ministry could be bugged, P. Kacic said that, although he is not an expert in these matters, he does know that Eurotel mobile telephones are routinely bugged. There is even a company in Nova Dubnica that offers bugging equipment at prices ranging from 4,800 korunas [Sk] to Sk60,000. Therefore, he too can be bugged by such a device, because he also has a mobile telephone. However, bugging is considerably more demanding in the case of traditional telephones and the minister and the Slovak Information Service chief used the telephones that the state administration has at its disposal.

Hungary: Solana, Kovacs Comment on NATO Exercise

LD2607133396 Budapest Kossuth Radio Network in Hungarian 1000 GMT 26 Jul 96

[FBIS Translated Excerpt] The NATO secretary general is of the view that the Partnership for Peace exercise that will end in Szolnok today is of historic significance, because it is the first such series of air maneuvers NATO has held outside its member states. Javier Solana highly appreciated the Hungarian Army's readiness for cooperation, which was shown not only at this exercise but also by its contribution to the peacekeeping mission in the former Yugoslavia. Peter Attila Nagy reports from Szolnok.

[Nagy] Hungary can be an example to every country participating in the Partnership for Peace scheme, the NATO secretary general said. Cooperation in the future should be of the same high standards, Solana emphasized. He said exercises similar to Cooperative Chance were important because they facilitated preparation for crisis management in advance. [passage omitted]

Foreign Minister Laszlo Kovacs said the Hungarian Government interpreted NATO's expansion as the expansion of the security zone, of which joint Partnership for Peace exercises represented an important part. It is significant from the viewpoint of stability that neighboring countries are also participating in the exercise, the minister said.

Hungary: Participation in NATO Air Force Exercise

LD2707095896 Budapest Kossuth Radio Network in Hungarian 1630 GMT 26 Jul 96

[FBIS Translated Excerpt] The Hungarian Army appears to be fit for NATO membership, if we go by NATO Secretary General Javier Solana's praise of Hungary's intentions to join NATO. Javier Solana spoke about this at the close of the NATO-led military exercise Cooperative Chance '96, which ended earlier today in Szolnok. [passage omitted] Attila Peter Nagy reports:

[Begin recording] [Nagy] [Passage omitted] General George Joulwan, NATO supreme allied commander Europe, also considers the exercise to have been an undeniable success. [passage omitted]

[Joulwan, in English fading into superimposed Hungarian translation] The main question has always been: Can we work together? Now we have the answer, which is yes. [passage omitted] This exercise was about working out models jointly, models which are based on trust and the preparedness of the participants. On the basis

of these [models], we will be able to provide assistance together and in a real situation. [passage omitted]

[Nagy] According to the Hungarian Army commander, the exercise contributed greatly to the ability of Hungarian soldiers to learn cooperation based on NATO principles. Chief of Staff Ferenc Vegh;

[Vegh] It is important that the military and civilian units work together. Concerning the exercise, it was important that we adopted all the NATO standards which we will have to apply jointly in the future. Furthermore, notwithstanding the fact that the 25 participating nations spoke the same language in 24 different accents, the planning work was completed successfully by a joint aviation chief of staff, and we managed to plan and carry out real flights in Hungarian airspace, successfully and without accidents. That is the exercise's greatest achievement.

All exercises of this type provide us with experience concerning the way and direction of the future.

The criteria for admission to NATO handed over to us in November last year includes a request for us to be active participants in the NATO program, Partnership for Peace. We have fulfilled this criterion in the best way possible. From the initial fulfilment of quantitative norms, we have advanced to the fulfilment of qualitative norms. In other words, the Hungarian Army can already offer quality in certain details and this exercise has proved it. [end recording]

Hungary: 'Stronger' Chances of NATO Admission Seen

AU2607141996 Budapest MAGYAR NEMZET in Hungarian 26 Jul 96 p 1

[Editorial by Lajos Pietsch: "Better Winds"]

[FBIS Translated Text] It might be more than symbolic that the joint air exercise of NATO member states and Partnership of Peace countries is being held in Hungary—the first exercise of this type held outside NATO's territory—and that it has been visited by Secretary General Solana. The name of the exercise is "Cooperative Chance '96," which means a chance for cooperation. Our role as host might also be symbolic because a successful event can increase our membership chances.

Actually, these chances seem to have become stronger recently. Hungary has recently been given a favorable assessment in a number of alliance states and the defense minister of one—although not a big—NATO country predicted the other day that Hungary can become a member of NATO as early as next spring.

together with the Czech Republic and Poland. Our hopes can be further increased by the U.S. Congress's recent decision on assisting the above three countries' preparations for admission with \$60 million because, in their view, Warsaw, Prague, and Budapest have made the greatest progress in the preparation. Although the amount is only symbolic, the fact that it has been granted is significant because, in an important capital, it had bipartisan support. At the same time, it has also become clear that certain U.S. political circles are unhappy with the speed of NATO expansion. The value of all this is not at all reduced by the fact that the issue of expansion has become one of the main topics of the presidential election campaign.

The noticeable change in the Russian attitude increases the chance of expansion—and, together with this, of Hungary's membership. First Foreign Minister Primakov, and now General Lebed, have indicated that Moscow, although it considers it unnecessary, is now less opposed to the expansion. It is hardly likely that these statements reflect the final Russian stance, but it is becoming increasingly clear that, after the presidential elections, different NATO-winds are blowing from Moscow than before.

Hungary: Kovacs on Completion of EU Questionnaire

AU2907153796 Budapest NEPSZABADSAG in Hungarian 27 Jul 96 pp 1, 3

[Interview with Hungarian Foreign Minister Laszlo Kovacs by Balazs Pocs on 26 July; place not given]

[FBIS Translated Text] Hungary has already met the political conditions for EU membership, and it will also meet the economic conditions by the time it is admitted, Foreign Minister Laszlo Kovacs told NEPSZABADSAG after he had given the Hungarian answers to the Brussels questionnaire to Hans Beck, Budapest mission leader of the European Committee. The English language version of the reply is 4,481 pages and weighs 14.3 kg, and more than 500 people worked to complete it.

[Pocs] August is a vacation month in Brussels, too. Will anyone deal with the completed questionnaire?

[Kovacs] Yes, as far as I know, they will start to check through the answers. Just as in Hungary—and in the other associated states—the staff has worked through the first half of the summer, including nights and weekends, and the Brussels EU staff will work through the second half of the summer.

[Pocs] The Parliament chairman, the relevant committee chairmen, and the parliamentary group leaders have already received a copy of the reply. How will you inform the public?

[Kovacs] It would not make sense to hand over the document, which is thousands of pages, as it is to the citizens. We are not obliged to do that, and I am convinced that they do not want it. We are thinking about how we could summarize the various chapters in a form that could be understood by the public. This would show what direction of interest the questions indicated and what the answers reflect.

[Pocs] How will the information flow between Brussels and Budapest?

[Kovacs] The European Committee will raise the questions it needs to clarify points or to be able to interpret the answers more precisely. Our task is to indicate all new developments to Brussels.

[Pocs] We have completed the questionnaire. What comes next?

[Kovacs] Economic stabilization must be continued. By the time we are admitted, the Hungarian economy must be competitive enough that membership will mean more advantages than risks. It is also necessary to continue the legal harmonization.

We will also continue to train professionals. In addition, it is very important to inform the public of the advantages and commitments membership will bring.

[Pocs] The EU has not yet been decided whether they should start admission talks with all associated countries or only with the most prepared ones. Is it possible that they will not take the country assessments seriously?

[Kovacs] I am sure the country assessments prepared by the European Committee will differ from each other because the development level of the applicants is different. The Committee will give a precise report on this, and from there on responsibility lies with the political decisionmakers. They have to assess the preparation level of the various countries, what effect it will have if some countries cannot even start the talks, and what the advantages are if talks are only started with the best prepared countries that can make the fastest progress toward admission.

B-H: Iran's Habibi, Muratovic Assess Relations

AU2607192796 *Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian* 1700 GMT 26 Jul 96

[FBIS Translated Text] On the second day of the visit by Hasan Habibi, first vice president of the Islamic Republic of Iran, to Bosnia-Herzegovina, bilateral talks were held between delegations of Iran and Bosnia-Herzegovina and trilateral talks among Iran, Bosnia-Herzegovina, and Croatia. Following these talks, Messrs. Habibi and [Bosnia-Herzegovina Prime Minister Hasan] Muratovic, who is the host of the Iranian delegation, gave statements for journalists. Here is a report by Senada Cumurovic:

[Begin recording] [Cumurovic] The loan of \$50 million that will be invested in the economic development of Bosnia-Herzegovina in the way our state proposes is one of the results of the talks between Dr. Hasan Habibi and Bosnia-Herzegovina Prime Minister Hasan Muratovic. Muratovic, however, thinks that there has been a number of unsolved issues at the trilateral level of Iran, Bosnia-Herzegovina, and Croatia.

[Muratovic] I can say that I have expected much more. We have postponed the agreements that we had postponed before as well, regarding shipbuilding and production and repair of railroad equipment. We have only concluded that we shall open economic offices which should issue information from markets about (?investment) and help both countries to [words indistinct].

[Cumurovic] According to Prime Minister Muratovic, economic talks between Bosnia-Herzegovina and Iranian delegations were successful.

[Muratovic] We talked about the economic aid of \$50 million which Iran announced at the conference of the Contact Group here in Sarajevo and confirmed at the donors conference in (?Brussels). So far, we agreed to assign \$1C million for small firms, \$10 million for other firms that would work in cooperation with Iranian firms, and \$30 million for infrastructure.

[Cumurovic] After this, representatives of Iran and Bosnia-Herzegovina will visit the Zenica Steel Works this evening where they will talk about possibilities of reviving this economic system of which Dr. Hasan Habibi also spoke:

[Habibi in Persian with superimposed translation into Serbo-Croatian] The project on the Zenica Steel Works is special and therefore, if our experts assess that there may be economic results, we shall hold cooperation in this sphere as well. Agreements and documents have been prepared and some agreements may be signed tomorrow. Also prepared is the agreement on abolishing

payment of [word indistinct] taxation, traffic agreement, and agreement on cultural cooperation.

[Cumurovic] Before official statements were issued, the ministers of Iran, Croatia, and Bosnia-Herzegovina [names indistinct] signed a protocol on the occasion of the fourth meeting of the joint commission. Before signing, Bosnian Finance Minister Kikanovic said that the goal of the meeting was to analyze what has been done compared to what had been agreed and to overcome difficulties, above all in connection with the agreement about construction of four ships for Iran through Croatian firms. Special attention should also be devoted to the maintenance of railroad equipment in Iran and to the opening of an economic information office for the joint appearance of the three counties.

Iranian Minister (?Torkan) added that planned for the coming five-year period is the program of purchasing 50 ships in whose building both Croatia and Bosnia-Herzegovina would take part.

Croatian Communications Minister (Luzavec) also stressed the importance of these talks for future economic cooperation of Iran, Croatia, and Bosnia-Herzegovina. [end recording]

B-H: Memorandum on Economic Cooperation Signed With Iran

AU2707184796 *Paris AFP in English*
1826 GMT 27 Jul 96

[FBIS Transcribed Text] Sarajevo, July 27 (AFP)—Iran and Bosnia signed a memorandum on economic cooperation Saturday concluding a three-day visit by Iranian Vice President Hassan Habibi, press reports said here.

The memorandum which covers trade and economic cooperation and civilian air traffic was signed by Habibi and Bosnian Prime Minister Hasan Muratovic.

Muratovic was quoted by the ONASA news agency as stating that a fifth of Iran's 50 million dollars of credit extended to Bosnia-Herzegovina would become available this year for setting up small companies and reconstruction.

Talks between the officials included discussions on rebuilding the steelworks in Zenica, central Bosnia.

Iran supported Bosnia's Moslems during the war with aid and guns and remains close to the post-war Moslem-Croat central government.

B-H: Ministry Issues Pledge to Hague for Delalic*AU2607204696 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 26 Jul 96*

[FBIS Translated Text] Showing readiness to cooperate with the War Crimes Tribunal in The Hague, as in many other cases, at the request of the defenders of the accused, Zejnir Delalic, in the process before the International Tribunal for War Crimes on the territory of the former Yugoslavia, the Ministry for Justice and Administration of the Republic of Bosnia-Herzegovina has pledged that Zejnir Delalic will be available to the Tribunal if his detention is abolished and defense allowed while on bail.

Corresponding bodies of the Republic of Bosnia-Herzegovina obliged themselves that, in the case of a demand by the International Tribunal, they will ensure Zejnir Delalic's attendance in The Hague or any place or time that the Tribunal sets. The pledge is fully applicable if the Tribunal decides to abolish Delalic's detention and make it possible for him to stand trial while on bail along with Delalic's statement that he will be in his home in Konjic until the process is concluded.

The pledge by the Republic of Bosnia-Herzegovina will be sent to the International War Crimes Tribunal in The Hague.

B-H: Parties Accuse SDA of Replacing Heads of State-Run Firms*AU2907150096 Paris AFP in English
1448 GMT 29 Jul 96*

[FBIS Transcribed Text] Tuzla, Bosnia-Herzegovina, July 29 (AFP)—A coalition of Bosnian opposition parties on Monday accused the ruling party of President Alija Izetbegovic of trying to replace the managers of state-run companies here with party candidates.

With just over six weeks to go to Bosnia's first post-war elections, officials from five centre-left parties told a press conference here that Izetbegovic's Party of Democratic Action (SDA) had tried to "replace illegally" the managers and boards of 35 state-run companies in Tuzla with some 200 top SDA supporters.

Tuzla, Bosnia's third largest industrial town, is the main home of the centre-left opposition to the SDA, which is dominant in Sarajevo and other areas of Muslim-controlled Bosnian territory.

The coalition of centre-left parties comprises the Croatian Peasants Party, the Muslim Bosniak Organisation, the Republican Party, the former communist SDP [Social Democratic Party of Bosnia-Herzegovina] and the Union of Bosnian Social Democrats, which won the 1990 multiparty elections in Tuzla.

All the top companies in Tuzla would be affected, said Jasmin Imamovic, a spokesman for the opposition parties, without elaborating.

It was not clear from the comments whether the managers of the companies—believed to include the town's major chemicals and power plants, its electricity and phone companies and the two state-run hotels, the Hotel Tuzla and Hotel Bristol—had yet been formally approached about their replacement.

"The state has the right to administer the companies, but only in accordance with federal law," Imamovic said.

The managements of the main companies were not available Monday to comment on the claims. Several of the top companies in Tuzla, including the chemical plant, are well known in the town for having leaderships unfavourable to the SDA.

Officials from the SDA in Tuzla were not available Monday to comment on the opposition assertions.

B-H: Federation President Criticizes Bugojno Church Bombing*LD2707102496 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 27 Jul 96*

[FBIS Translated Text] Following the destruction of St. Anthony's church in Bugojno, Bosnia-Herzegovina Federation President Kresimir Zubak issued a statement today which says the destruction of the church in Bugojno is a new crime against the Croat people.

It was again done under the auspices of the [Bosnian government] authorities which claim to the world to be democratic and who allegedly want a multiethnic and multicultural society, but in fact do not condemn those to blame but perfidiously and treacherously incite people to throw others out of their apartments, sack them from their jobs, desecrate holy shrines, and kill the elderly and powerless.

The many crimes in Bugojno are also the result of the inaction of the international community. Instead of setting up authorities in this town in accordance with the constitution and the law, representatives of the international community, with their so-called solutions, are aiding and abetting the continuation of dirty tricks in Bugojno while in Mostar, instead of the law and the constitution, they offer electoral trickery.

However, despite the crimes, pressures, and injustices, the Croat people will not vacillate and lose courage, nor will they lose their national dignity as some would like, Kresimir Zubak's statement says.

B-H: Bugojno HDZ Issues Statement Condemning Church Bombing

LD2607181796 Mostar Croatian Radio Herceg-Bosna in Serbo-Croatian 1600 GMT 26 Jul 96

[FBIS Translated Text] Muslim fanatics blew up Bugojno's St. Anthony's church last night. Zeljka Mihaljevic has more details:

[Mihaljevic] In connection with blowing up the Catholic church of St. Anthony in Bugojno, the only church left undamaged after the Muslim-Croat clashes in July 1993, the municipal council and the municipal committee of the Bugojno HDZ [Croatian Democratic Union] issued a public statement reiterating that the church and the parish office are the only places of gathering for 1,100 Bugojno Croats who have remained in their homes despite everything. Everything they needed was there: it was a place for prayer, social security, a health center, a post office, in one word—everything.

We therefore condemn the latest crime against the symbol of Catholicism and demand that all responsible institutions and officials, both domestic and foreign, find the culprits and punish them accordingly.

The statement also says that the Muslim extremists in this way wish to call into question the return of Croats to Bugojno municipality, as well as the continued presence of the small number of Croats still in Bugojno.

The latest events will not cause Bugojno Croats to despair or force them to leave their homes. I quote: This act confirms what has been clear to everyone in the past three years—Bugojno is the most critical municipality in the [Muslim-Croat] federation. This town is run by the persons who are responsible for the [Muslim-Croat] clashes and who have committed war crimes. These persons are still concealing the truth about the fate of 26 war prisoners, who were taken away.

Finally, the municipal authorities and the HDZ are wondering whether elections are possible in such an atmosphere. Is it possible to have a federation or any kind of cooperation with those who are destroying places of worship? This question is asked in the statement signed by the Bugojno municipal council and the Bugojno HDZ municipal committee, and addressed to Kresimir Zubak and Ejup Ganic, president and vice president of the Bosnia-Herzegovina Federation; Avdo Hebib, Bosnia-Herzegovina Federation interior minister and his deputy Jozo Leutar; ombudsmen in the Bosnia-Herzegovina Federation; Carl Bildt, high representative of the international community in charge of the implementation of the civilian aspect of the Dayton agreement; Carl Bildt's deputy Michael Steiner; Schwarz Schilling, mediator for matters concerning the

federation; Robert Frowick, head of the OSCE mission in Bosnia; the commander of the IPTF [International Police Task Force]; the commander of IFOR; Bozo Rajic, chairman of the Bosnia-Herzegovina HDZ; Ivan Bender, president of the Presidential Council of the [Bosnian] Croat Republic of Herzeg-Bosnia; Pero Markovic, prime minister of the Croat Republic of Herzeg-Bosnia; Bishop Pero Sudar; Darinko Bago, Croatian ambassador to Bosnia-Herzegovina; Ivan Saric, prefect of central Bosnia county; and all public information media.

B-H: Ganic 'Expected More' From Visit to Belgrade

AU2807164496 Belgrade BETA in Serbo-Croatian 1225 GMT 28 Jul 96

[FBIS Translated Excerpt] Kragujevac, 28 July (BETA)—Ejup Ganic, member of the Bosnia-Herzegovina Presidency, has stated today that, considering the need for Bosnia and Yugoslavia to cooperate, he had "expected more" from the visit by the Bosnian state-business delegation to Belgrade.

Ganic stated in an interview for the Pecat Vremena program of Kragujevac Radio that the visit had nevertheless "opened a new page in relations between the two countries."

"What has happened has happened. There is a special process to establish responsibility and consequences, but we must move forward on a new path," Ganic said.

"You see, I expected more. I know the economy of Serbia and Montenegro very well. I know that there is a need for the two countries to cooperate. I expected even more. We have managed to agree to open the offices of the Economic Chamber of the FRY in Sarajevo and Bosnia-Herzegovina in Belgrade, to establish links between businessmen, to start trading, to have the states rather than mafias trade," Ganic said.

Ganic stressed that the "goals of the workers and the young generations" in the two countries are the same, and these are "education, jobs, prosperity."

"I also came to Belgrade because of the Serbs as there is no Bosnia without Serbs. We are building a multiethnic state regardless of what has happened, and we must establish contacts with Serbia and Montenegro because we want the Serbs in Bosnia to feel like the Serbs in Serbia," Ganic stressed. [passage omitted]

B-H: Kapetanovic Comments on Arrival of Reconstruction Funds

AU2607165396 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 26 Jul 96

[FBIS Translated Text] Federation Prime Minister Izudin Kapetanovic held a news conference in Sarajevo today. Touched upon was the reception of money for the reconstruction of our country. Also to address the journalists were Minister Nedjeljko Despotovic, coordinator of the activities in the implementation of resources, and heads of units for the implementation of individual projects—Fejsal Krehic, Sabahida Sadikovic, and Muris Hadzic.

Prime Minister Izudin Kapetanovic today assessed the dynamics of the arrival of \$1.8 billion that the international community promised at Brussels donors' conferences for the reconstruction of Bosnia-Herzegovina, as slow, albeit not unsatisfactory. He said that out of \$1.8 billion, currently operational are \$400 million, that is, almost about 22 percent. In his opinion, these results are satisfactory considering the shortage of time and different approach of international agencies and donor countries in issuing the promised funds. The prime minister expressed satisfaction with the cooperation that has been realized in the reconstruction of Bosnia-Herzegovina with the World Bank, which has already approved seven reconstruction projects.

Minister Nedjeljko Despotovic expressed satisfaction for the cooperation with the U.S. Agency for Reconstruction and Development, which has commenced the realization of three projects valued at \$23 million. According to announcements, \$35 million more is expected.

Sabahida Sadikovic, director of the Agency for the Implementation of the Project of Repairing Electrical Power System, said that if this project valued at \$196.35 million is not realized, the regular electric power supplies in Bosnia-Herzegovina would be called into question.

According to the data supplied by Muris Hadzic, director of the unit for the implementation of housing repair program, 57.5 percent of the housing has been damaged in the Federation. About \$6 billion is needed for repairs. If the World Bank approves of \$53 million that has been demanded for the coming period, Hadzic says, 12,500 apartments in the Federation could be repaired.

The unit of the implementation of programs for public works that is headed by Fejsal Krehic has made a project for which the World Bank should ensure \$30 million in the coming period. What is involved is the projects of

opening local public works that would last two years and employ about 4,000 people.

B-H: Mostar's Former EU Administrator Urges Pressure on Croatia

AU2907091796 Paris AFP in English 0852 GMT 29 Jul 96

[FBIS Transcribed Text] BONN, July 29 (AFP)—Hans Koschnick, the former EU administrator in Mostar, said Monday [29 July] that the international community should threaten to withhold aid to Croatia over a Croat boycott of the council of the southern Bosnian city.

The Union, which has run Mostar for two years, has said it will withdraw by August 4 if hardline Bosnian Croats, who lost June 30 local elections, do not end their boycott.

In an interview with the Badische Zeitung, Koschnick, a former mayor of Bremen, said the Bosnian Croats were not acting independently.

"If the Mostar Croats take a stance as negative as that which they have had up until now, they don't do it without consulting Zagreb," he said.

He said that international aid for the reconstruction of Croatia should be stopped "if Zagreb continues to oppose the reunification of Mostar."

The EU administration of Mostar began in July 1994 after the US had brokered a federation agreement between the Bosnian Muslims and Bosnian Croats.

"The Croatian government has signed many things but sets little store by its engagements," Koschnick said.

"If Zagreb really wants a federation with the Bosnian Muslims, it must show much stronger support."

The elections in Mostar were seen as a litmus test for the elections to be held throughout Bosnia in September.

Michael Steiner, deputy to the top civilian official in Bosnia, Carl Bildt, said Sunday that if the international community caved in to the Croats "we can effectively forget September elections."

Mostar is divided between Muslims in the east and Croats in the west. They fought each other for 11 months in 1993 and 1994 before the EU administration began.

B-H: Plavsic Criticizes Milosevic, Hague Tribunal

AU2607174396 Belgrade NASA BORBA
in Serbo-Croatian 26 Jul 96 p 1

[Report by Vladimir Djordjevic: "Milosevic Has Succumbed"]

[FBIS Translated Text] "The visit of Ejup Ganic to the FRY, that is, to Serbian President Slobodan Milosevic, is a terrible blow to the dignity of the Serb people," Biljana Plavsic, acting president of the Serb Republic, told NASA BORBA. In her words, the problem is not only Ganic's lower, "functionary rank."

"Everyone knows who Ejup Ganic is! He is directly responsible for the Dobrovoljacka street massacre at the very beginning of the war. He orchestrated that brutality. I heard him order it. With this act, Milosevic has disregarded the charges we submitted to the Hague Tribunal against Mr. Ganic. I am astonished, not as a state official, but as an "ordinary mortal," how he could have hosted such a man. Disgusting! People here view this visit as a terrible disappointment," Biljana Plavsic said.

According to Plavsic, Milosevic has succumbed to Holbrooke's pressure to meet with Ganic. Commenting on announced visit of John Kornblum to Belgrade, the acting president of the Serb Republic said, among other things, that "the Serb people in the Serb Republic will no longer tolerate any pressure."

"If the Hague Tribunal were truly a just court, if it had indicted Izetbegovic and Tudjman instead of as many as 52 of our people, then both Karadzic and Mladic would have willingly gone to The Hague. As things stand, there is no way they will go there," Biljana Plavsic concluded.

B-H: Plavsic Says Brcko Is Part of Serb Republic

LD2707210496 Belgrade SRNA in Serbo-Croatian
2015 GMT 27 Jul 96

[FBIS Translated Text] Banja Luka, 27 Jul (SRNA)—The Dayton agreement does not say at all that the town of Brcko is disputed. It clearly states that the interentity line in the Brcko area is disputed, acting Serb Republic president Biljana Plavsic told Serb television this evening.

Only one single map was signed in Washington, and that is a map of the overall demarcation between the Serb Republic and the Federation. We only need to go by Dayton strictly. The status of the town of Brcko is not an issue—it is part of the Serb Republic, Plavsic stressed.

She recalled that a wide corridor was ensured for the Gorazde enclave, while the Brcko area links two parts of the Serb Republic.

"If a mere enclave has the right to a comfortable corridor, then two parts of one state have even more right to it. Arbitration will decide whether the existing situation will remain or whether the area will be expanded to 20 km," Plavsic believes.

Speaking about special links between the Serb Republic and the Federal Republic of Yugoslavia, the acting Serb Republic president stressed: "No political reason can weaken the Serbs' wish to live in one state."

B-H: Plavsic: Serbs Cannot Live With Croats, Muslims

AU2707161796 Banja Luka GLAS SRPSKI
in Serbo-Croatian 20-21 Jul 96 pp 2-4

[Interview with Biljana Plavsic, vice president of the Serb Republic, by Marica Lalovic; place and date not given: "Cosmopolitans, a Forgery of the Original"]

[FBIS Translated Text] The lively international and internal political scene daily brings a range of new questions whose answers are directly or indirectly connected to the survival of the Serb people on these territories. The September elections are a limiting factor to finding some of the corresponding answers for the Serb people and their state. We spoke about the current international as well as internal political questions with Dr. Biljana Plavsic, vice president of the Serb Republic.

[Lalovic] Ms. Plavsic, since Radovan Karadzic, president of the Serb Republic, decided to turn his presidential duties over to you, there has been varying speculation as to why and how that is feasible in view of the Serb Republic's Constitution. Would you please explain that decision to us and tell us what your present function is?

[Plavsic] President Karadzic's decision, made primarily because the international community did not want to communicate with him, is in accordance with the Constitution of our Republic. For a while, the international community, or its representatives, had communicated with us indirectly, mainly through president Milosevic, who still plays a very significant role because he was one of the people who signed the Dayton agreement, but for the implementation of the Dayton agreement, now, and particularly until the elections, and even later, direct contacts between us and the international community are very important. Because now, and we shall see how it will be later, our whole life is tied, as it were, to the Dayton agreement. That is why president Karadzic exercised his constitutional right, on the basis

of Amendment 40, Paragraph 5, which says that in case the president is prevented from carrying out his duty, he may transfer his authority to one of the vice presidents. President Karadzic appointed me and I am carrying out that duty. As far as my title is concerned, and how I should be addressed, I see no reason for erroneous interpretation, which can be either intentional or inadvertent. I was elected to the position of vice president by the National Assembly of the Serb Republic. Neither I nor anyone other than the Assembly can change my title in any way. According to our Constitution it is clear who is the president and who is the vice president. In this case only the constitutional plausibility was used and I took over the functions.

One Man Responsible for Everything

[Lalovic] The representatives of the international community stubbornly refused to accept this decision. They tried to find various flaws. They did not even want to negotiate. Finally, it all ended when Carl Bildt came to Pale and talked with you.

[Plavsic] You know what the problem was there. The first decision that was considered at our assembly did not satisfy Mr. Bildt. But perhaps it is better to say not him but the international community. According to that decision, I was in contact with the international community. I was not carrying out the other duties. In other words, I think that the international community does not care who is performing these duties; it wants to deal with one person, who will be responsible for everything that is happening in the Serb Republic. From all this we can see that my position is not at all enviable, but someone had to do it because otherwise they would have looked for other indirect participants.

[Lalovic] You gained additional popular sympathy after the press conference in Pale, which you held with Carl Bildt, when you interrupted the news conference, when the remarks of the international community's high representative "threatened" to grow into an indictment against the entire Serb people and its leadership.

[Plavsic] I had no time to think about my actions, and I did not have a chance to see on television how that turned out. I possess a certain mechanism that has so far never failed, a mechanism that reacts to something that can no longer be tolerated, that sounds off when the behavior of the other side reaches a critical point. That was my spontaneous reaction. I saw that a group of reporters was assembling with the intention of asking provocative questions to Mr. Bildt and myself to hear something that they could abuse. There were some objective reporters also; no one expects them to be benevolent, they only have to be ethical. Ethics are important in every profession. I was under the

impression that Mr. Bildt wanted the news conference to go on, so that they could all ask all the questions they had intended. I thought that we had said everything, we even patiently answered all the questions of even those improper reporters. When I concluded that we had responded to all the answers, I said so. I do not think that it was fair to bring the other participants into a situation where they would display unethical behavior.

The Biological Expansionism of Islam

[Lalovic] Were certain inadequacies and incongruities of the Dayton agreement left intentionally as the international community's attempt to carry out an eventual reintegration of the former Bosnia-Herzegovina more easily and rapidly?

[Plavsic] The written part is theory. Practice will show how good and realistic it is. Now, in this moment, more than half a year later, we can say that the Dayton agreement is lacking. It is the desire of individual international officials, perhaps even the entire international community, to almost erase these four years, this horror that happened, and to merge the Serbs with the Muslims and Croats again, so that they are in the same situation as in 1990, 1991, and 1992. Believe me, this is being done by malicious or raving or extremely irresponsible people. Finally, something else might be at stake. The international community did not exercise its power only against us, except that we were not interested in what was happening in Panama, Vietnam, Iraq. The fate of 100,000 people is all the same to them.

[Lalovic] Do you by any chance think that with this kind of conduct the international community is trying to prevent the creation of a Muslim state in Europe?

[Plavsic] I agree completely that this creation of a Muslim state in Europe is a big problem. But this is something that large countries such as France, Great Britain, and others had to think about. But the solution is not to mix us up again; that cannot be done and we will never allow it, because the potential that exists in that nation, their biological potential, which every nation has, only I would say that Christians behave more responsibly toward their children, would extinguish us in the course of time. When their children are concerned, then it is plain to see that they do not think about their education, about whether they are able to feed them properly. I do not wish to talk about that to any greater length. Their biological potential is more pronounced, they are much more careless with their children. But perhaps that could be their politics. Perhaps what we are doing is not good, but we are not the only ones who behave like that. It is likely that their expansionist policy of Islam includes that and counts on it. They

seem to have worked out that strategy well. You see, the Croats, too, are analyzing this situation, this supremacy of Muslims over Christians. A frequent answer to a survey was: "We cannot match their birth rate. They have the advantage and we shall soon be the minority in this town." Such a majority quota is reached through population policy, but also through genocide. They took part in the genocide against the Serbs in 1914, and 1941, and now.

We Will Not Make Any More Mistakes

[Lalovic] When you mentioned genocide, do you think that we can make another mistake? Have we not learned a lesson from the past?

[Plavsic] Believe me, I cannot explain this. I cannot explain these three times either. The Serb option for brotherhood and unity was madness. Just as the communists mesmerized the Serbs. You see, in such cases ideology is somewhere in third or fourth place. First you have to see whether the individual can survive in such an arrangement, in this brotherhood and unity, an individual that belongs to one ethnic group, to see whether that ethnic group can survive. That is a normal way of thinking. That is the priority. Then you go further, and you look at the social status, and then the state concept, and then, well let us say, ideology. Had the Serbs thought only in that order of priority, they would have seen that this was an abnormal relationship. After four years of bloody war, after a million Serbs killed in the most brutal way in the previous war, you are supposed to draw the line and say: "They are my brothers." That is insane. Sometimes I think that we are really not normal. I am not saying that we had to get back at them, heaven forbid. But we did have to move away from them, not allow them to get the chance to do that to us again. I hope that we will not make any more mistakes. As a matter of fact, I am certain that we will not.

That mistake we made in 1945 for me was often a question without an answer. How could that have happened to smart people? But you know, in 1945 everything was done in such a terrible way, a way that we are just discovering now. We knew nothing about that. Only those who were directly exposed to it knew. The solution to live together in brotherhood and unity was embraced by the Croats and Muslims. Why? It was a situation that saved both of them. The Croats had the Independent State of Croatia, under Hitler's auspices, they were extremely discredited, and the Muslims, "the Croat flowers," well, we know what they were and what kind of status they had in that state, and what their assignment was. Imagine what a hideous evil it was that killed 1 million innocent men, women, and children in such a horrible manner.

What could they have expected but punishment, international abhorrence, and a subordinate position in a new state. Instead, they were offered brotherhood and unity; they were offered absolution and an embrace. They were saving their own necks. They accepted everything and they got everything. They were supposed to be punished by the whole world and by God. The Serbs, in fact, had two liberation movements. The majority of Serbs joined the ranks of the partisans [lead by Josip Broz Tito] and many joined the Chetnik movement [Serbian monarchists lead by General Draza Mihailovic], which was also a liberation movement. When victory came, even though they were on the winning side, they were not supposed to say that they were Serbs, and even the truth about the Serb holocaust was not made known, and shameful lies were invented instead, one such falsification being that there were just as many other ethnic groups [in the liberation war], in other words Croats and Muslims, as there were Serbs. That means that the falsification of history had begun from the very beginning, perhaps even from the beginning of the war. We lived and raised our children in that falsification. The pits were covered up with cement; no one was allowed to talk nor write about it.

Inscriptions on graves said that "patriot antifascists were killed by fascists." This time we know everything, from the very beginning, and we know which Serbs were killed, and who killed them, no one conducted funeral services secretly. This time the Serbs did not commit the sin of being silent about their victims. I sincerely hope that there is no opportunity for a new falsification. The truth was immediately shown for what it was, sometimes gruesome, but the truth. We must know this truth so that we would know what to do and how to build a future upon that truth. That is why I hope that the Serbs will not make the same mistake again. When we are talking about elections, that will be the only criterion that will determine their outcome. I say to you with full responsibility that no other party has so much chance of preserving the state than the Serb Democratic Party. That is not to say that there are no patriots in the other parties. Heaven forbid. Let us take the radicals, for example, I think that I would safely entrust this state to them. All the other parties, some more, some less, carry a greater percentage of risk that we mix again. Then we would have to ask ourselves why so many people gave their lives. If we again allowed the Serb Republic to be integrated into Bosnia-Herzegovina and mix with the others, we would open new possibilities for evil to befall us. We would again be vitally threatened, and we would again lead the other two nations into temptation to commit a new genocide against us one day.

Their hands are bloody enough.

Dictatorship Under the Cloak of Democracy

[Lalovic] Will the Serbs from the Republic of Serb Krajina and Croatia obtain Serb Republic citizenship?

We know that now they will not be able to vote in the elections, but will we resolve their status and other issues on an even footing with the other citizens?

[Plavsic] I think that this is our moral obligation, even though we did not differentiate between the states. We had initiated the process of unification with the Republic of Serb Krajina and no one can convince me that we are to blame for this process not coming about. We did not separate the Serbs on this side of the Drina River and the other side, on this side of the Una River and the other side. Therefore, they are refugees as we all are. They abandoned their homes in Knin, Benkovac, and we left our homes in Sarajevo, Tuzla. They must have the same rights as all the other refugees and exiles in our republic. The decision that they cannot participate in the elections is the most undemocratic thing I have ever heard. And when the world starts telling us and teaching us about democracy, I do not know what I would say or do. All over their democratic world, if you are a citizen, you have the right to vote and make your choices. That is not the only area where they are far away from real democracy. Often in our talks, we see that in various issues they are far from democracy, perhaps closer to dictatorship.

The Serbs and Adolescent Peoples

[Lalovic] Ms. Vice President, the National Assembly has adopted an amendment to the Constitution which allows the creation of a Senate. What will be the role of the Senate? Who are the people that will comprise it? I do not mean names, but conditions they will have to fulfill to become members of the Senate?

[Plavsic] I must say, and I said it in the Assembly, that I had long been an advocate of the creation of a state council. I can say with full authority that many things would have developed differently had we had such a state body. Now they are proposing to call it a Senate. It is entirely irrelevant what they will call it. The intention is to assemble the best Serb minds, because it has been heard and seen that we do not have one single national issue. We are under great pressure from the international community and we have plenty of enemies, as well as those who have openly declared themselves, but also those whom we should not say are our enemies and who should not be our enemies. Their blows are hard to neutralize, because we do not know from whom they will come, and when. The Serb people are in a difficult and confusing situation. When our situation is compared with that of our neighbors, the Croats, then it becomes

clear how organized they are. Since we are the only Serb nation state, we should have taken steps earlier, but even now it is not too late to form such a state body made up of people who care and who are responsible for their people, who resolve the most essential problems of the Serb nation. The tragedy is that at the end of the 20th century we are concerned with the question of how to survive as a nation, which is not the case with the other European nations. That is only because we did not take this issue into account when everyone else did. Today it would be normal for us to deal with the same problems that the other European nations have, because we were a part of Europe before many others. However, we did not solve the basic issues that others solved at the beginning of this century. I think that this is very difficult to do now. Now it irritates everyone, as if we wanted something more that others have. No. We want only to do now what we did not know how to do on time. Nobody wants a national Serb state, and it is completely normal for France, Germany, or some other country to have. That is again the Serbs' fault, because they wanted Yugoslavia. The Slovenes started speaking their own language for the first time in that very same Yugoslavia that the Serbs created for them, for which Serb soldiers gave their lives even on the Soca River.

It is simply that in doing somebody else's job we forgot to do the most important job for ourselves, for our own people. I hope we have learned our lesson. I hope we will have that in mind now.

The Senate will not be made up only of Serbs from this area. The ultimate goal of our policy is the unification of all Serb lands. It would be wonderful that Serbdom was the only ideology in Serbia as well. Then we could reach that unification quickly. But they are again advocating some kind of Yugoslavia, and some kind of Balkan union. I do not know why they are shying away from the individualism of the Serb nation, because that was the only wholesome thing in that Yugoslavia. Why is that Serbdom being hidden somewhere and why do they not let it come into its own? That is like when a woman comes to the house of her husband. Her status is different when she brings something of hers into that house. That is how it always was and no emancipation has ever changed it. The Serbs have a lot to bring in. And they have brought in a lot. And why should they not? Only in that way can they be a part of Europe. But to de-Serb the Serbs, make an amorphous mass out of them and in that way join Europe. I do not know why. Those are insane ideas that only the worst enemy can invent and try to implement. Every nation has brought something into Europe. I must say once more that we were Europe when many were still not. First we must unify, because that is the only proper way.

Only, it is a shame that the Serbs did not go about it the right way, that they dispersed on all sides. Many must be guided into finding the right path. Many think that cosmopolitanism is something modern. If that is the reason, it cannot last very long. Or perhaps they are deeply convinced that they should not belong to a nation, but to the world. That is just like saying "I love the children of all the world, but I do not love my own child."

Is that normal? No one can convince me that it is normal to have so much love for the world, and no love for one's own people. First a child loves his parents, then a child goes to school and after that circle widens to include his friends, he then slowly becomes aware that he belongs to a nation, then he goes to church and belongs to that church, and develops love for that church, and if he has that love, he has it for others too. And only if he understands the problems of his people, can he understand the problems of other nations. No one can tell me that this is not the order in which it goes. That is the natural order, and if anything is transcended there, it is a forgery. That is how I label those cosmopolitans. They are a forgery.

[Box, p 2]

Economy

[Lalovic] During the war we somehow pushed aside many important issues, endeavoring only to defend ourselves and survive. Now, when the war is over, all of these issues have cropped up again, sometimes even in the form of unsolvable problems. Education, health care, welfare, industry. What, according to you, is first on the list?

[Plavsic] The economy has to get started. All of these things are linked in a chain, much like a watch mechanism, like a watch full of sprockets. You only need to set one in motion and they all turn. That is how it is in our economy. We need to do a lot to find that main wheel, and when we set it into motion, everything will turn. The other thing is government control, which must be stepped up in this period after the war. We not only had the war, but we also had the sanctions. All of our laws and regulations were not sufficient enough to prevent various kinds of irregularities. There was a lot of clandestine activity, smuggling, people were hungry. When black marketeering ceased in 1945, people went hungry, of course except those who had privileged access to ministerial food supplies. In that society of equality there was an immediate division among people into different categories. But to get back to the issue at hand. There were many irregularities caused by the war. The state has to develop mechanisms to help people

to manage, but only for a certain time. People have to learn to respect laws and state control. When laws are not obeyed, then the state must use corresponding sanctions. There cannot be any flaws there. Perhaps certain sanctions could have been used during the war, as a pedagogical measure. I think that much is done in our government in that respect. We also have some friends out there, although at times it seems that the whole world is against us. There are people who would like to help us, there are many of our own countrymen from Diaspora who are helping us and who want to help some more. We are seeking ways to be able to utilize all this, and what is most important, we have passed laws which clearly say and show which way we are going, and we are going the way of privatization, the way of a market economy. As such we are attractive for capital investments. This privatization that in some cases could not be comprehended, and no wonder, after 45 years of socialism and communism, now seems to be the best solution. Perhaps in a decade or two some new generations will find a better model, but for the present time, that is the solution used by most countries of the world. Of course, every country, including our own, has to have a sound social welfare policy. When all of that is combined, we get a prosperous society. We will not experiment, we will apply only things that have been accepted in the world as good and efficient.

[Box, p 4]

Refugees

[Lalovic] Let us talk about issues that concern our internal problems. I would like to ask you about our priority tasks on the internal political scene.

[Plavsic] One of the priority tasks is to accommodate the refugees, and to care for them. I am not satisfied with what has been done so far. I believed the responsible minister that supply centers would be completed by March, places where the state would give out building materials to the refugees. I thought we would have lists of people who had already been given building materials, and lists of available housing facilities, itemized into categories depending on the degree of damage. Nobody can tell me that this could not have been done. And I do not see that that is being done. Therefore, in that respect I cannot say that the ministry did a good job. Some things are being done. Some things are being repaired in Mrkonjic Grad and Kljuc, but we have refugees on the entire territory of the Serb Republic. They did not do the job the way they promised they would do it. They should have kept their word for once, when a lot of people are depending on them. They could have done it, but they did not. Nobody can tell me that they could not do it. I have already said what would make people

vote one way or the other, the thing that is most important, survival, and survival is only possible in a Serb state. After survival, the most important thing that will determine how people vote is how the state takes care of its refugees. I think that we should be rigorous in resolving this issue. If a ministry cannot do its job as it should, we should replace the people there. I cannot say that they are the only ones to blame. The refugees themselves have refused to move into certain facilities. Yesterday I heard something that illustrates our situation well. A man told me: "This state would flourish if it did away with municipalities."

That man has perceived our weaknesses well. The issue of refugees is an issue of this state, not of municipalities. The refugees did not leave their homes because it was the interest of the municipality, nor did they settle on the territory of a municipality because it was in the interest of that municipality. We have refugees because there was a war and because territories had been taken away from us. That is why the issue of refugees is not a question of the municipalities of Brcko, Srebrenica, Visegrad, or any other. The issue of accommodating and caring for refugees is a state matter. That is why I would simply change the people who work in those committees, and instead of representatives of municipalities, I would put representatives of the state, and of course, keep the municipalities informed.

Will You Insist?

I will do just that. If you remember one of our assembly sessions, and what Dr. Karadzic said about this issue. Refugees were the focal point of his address. At the session people said some things that I do not understand, for example, one municipality needs a certain number of people to work there and the municipality needs to provide apartments for these people. But what I do not understand is that these people have already been living in that same municipality, in other words they had their own apartments. On the other hand, we have refugees who have nothing, or they are in collective camps. Now we have to see who has the priority. A man must have food and shelter, and only then can he think about how his factory will work, and only then can he think about being creative in his job. If we do not provide a roof over people's heads, there will be no efficient production. In these things the municipal officials are not flexible, for example, Banja Luka, thank heavens, was not destroyed in this war; it contributed to the war in another way. Many of its people lost their lives. Banja Luka felt this war in the most terrible way, but it was not destroyed. It was preserved. It has many facilities. But if the refugees tell me that they have to wait several hours just to get a signed piece of paper, then that is

the municipality's fault. If there are as many refugees as there are townspeople, then they should have more employees in these services, so that they can satisfy all the needs of the inhabitants.

B-H: Plavsic: Karadzic, Mladic Will Not Go to The Hague

AU2607132096 Paris AFP in English
1246 GMT 26 Jul 96

[FBIS Transcribed Text] Belgrade, July 26 (AFP)—Bosnian Serb leader Radovan Karadzic and military chief Ratko Mladic will not go the international war crimes tribunal in The Hague, Bosnian Serb president Biljana Plavsic said Friday.

The two men, both indicted on genocide and war crimes charges, "will definitely not go to The Hague," Plavsic told the independent daily Belgrade newspaper NASA BORBA.

"If The Hague tribunal were fair, and if it levelled charges against (Bosnian President Alija) Izetbegovic and (Croatian President Franjo) Tudjman, Karadzic and Mladic would give themselves up of their own free will," she said.

"But since that's not the case, their going is out of the question," she said.

On the subject of the expected visit of US envoy John Kornblum to Belgrade at the weekend, Plavsic said that the Bosnian Serbs "will no longer give in to any pressure."

Kornblum, who is due to meet Serbian President Slobodan Milosevic, is trying to ensure that Karadzic, who has agreed to retire from political life, leaves his fiefdom in Pale, east of Sarajevo.

Plavsic criticised Milosevic for having met a Bosnian delegation led by Bosnian Vice President Ejup Ganic on Wednesday.

She said by taking part in the talks, the first between a Bosnian and Serbian delegation since the war, he had delivered "a severe blow to the dignity of the Serb people."

"Milosevic ignored the complaint which we had lodged against Ganic with the tribunal," Plavsic said. The Bosnian Serbs have accused Ganic of ordering an attack against retreating Serb troops near Sarajevo on May 2, 1992.

Meanwhile in Greece, a pro-Serbian association said that it had gathered some 1.8 million signatures on a petition in support of Karadzic and Mladic.

Tassos Ioannidis, an official of the Greek-Serbian Friendship Association, said they would submit the petition to the United Nations in the next few days.

He said that Karadzic already had a copy.

The text of the petition expressed the "total support" for Karadzic and Mladic and said that the Bosnian Serbs did no worse than the other warring parties—Croats and Muslims—during the war.

B-H: Karadzic's Return to Montenegro 'Hinted'

AU2707174896 *Bad Vilbel VESTI in Serbo-Croatian*
27 Jul 96 p 7

[Unattributed report: "Karadzic To Be Given Asylum in Montenegro?"]

[FBIS Translated Text] Judging from a report circulating through Washington, Radovan Karadzic may be preparing himself to return to his birthplace of Montenegro, FONET reports.

CIA Director John Deutsch and Defense Intelligence Agency Director (Patrick Hewes) yesterday addressed a Senate committee about the prospects for peace in Bosnia after U.S. IFOR troops withdraw. On that occasion, it was learned unofficially of the arrangement for Karadzic's evacuation from Pale which was reportedly agreed upon last week during the talks Serbian President Milosevic had with Richard Holbrooke in Belgrade.

At this moment, there are no reliable details about this announced isolation of the former Serb Republic (RS) leader, but even this basic information sheds some light on Holbrooke's recent statement that a demand for the physical removal of Karadzic from Bosnia will be the next step in the aggressive strategy toward the Bosnian Serbs, as well as on the apparent denial of Holbrooke's statement in the form of an announcement that John Kornblum will have talks with Milosevic next week only about implementing the agreement on Karadzic's complete withdrawal from public life in the RS.

Kornblum should be in Belgrade on Monday [29 July] and more will probably be known then about this hinted Karadzic return to Montenegro, and, above all, about whether this arrangement currently relieves the Yugoslav authorities of the obligation to extradite Karadzic to the International Tribunal in The Hague when the occasion arises for doing so.

B-H: Serb Minister: Extradition of Serbs to Hague Impossible

LD2807161396 *Belgrade TANJUG Domestic Service in Serbo-Croatian* 1530 GMT 28 Jul 96

[FBIS Translated Excerpt] Belgrade, 28 Jul (TANJUG)—The extradition of Bosnian Serb Republic nationals is not in accordance with the Serb Republic Constitution and it cannot be carried out before bodies of the Union of Bosnia-Herzegovina in charge of sanctioning this issue in accordance with the Dayton agreement are set up; hence it will be possible to do so [carry out extradition] only after the September elections, Marko Arsovic, Serb Republic minister of justice said in Belgrade today.

Expressing the commitment of the Serb Republic to maintain full cooperation with all bodies of the international community and the Hague-based international tribunal on war crimes committed in former Yugoslavia, Arsovic told a news conference in Belgrade today ahead of his departure for The Hague tomorrow at the head of a delegation of the Serb Republic, that the issue of extradition would be possible to regulate only after the Bosnia-Herzegovina elections and after the Hague tribunal has sanctioned practical aspects of this action.

We will discuss the charges presented against the military leadership of the Muslim-Croat federation and the procedure regarding the work of investigators from The Hague in the territory of the Serb Republic.

During the four-day visit to The Hague, at the invitation of the tribunal, the delegation will present the standpoint of the Serb Republic government according to which "all further cooperation should be in line with the Constitution of the Serb Republic."

Goran Neskovic, deputy justice minister of the Serb Republic and liaison officer with the tribunal, said that the Serb Republic would do its best to prosecute those who had committed war crimes regardless of their ethnic and religious affiliation. [passage omitted]

B-H: Koljevic Considers Cooperation With Federation 'Inevitable'

AU2807161096 *Belgrade BETA in Serbo-Croatian*
1057 GMT 28 Jul 96

[FBIS Translated Excerpt] Kragujevac, 28 July (BETA)—Nikola Koljevic, vice president of the Serb Republic (RS), has stated that prior to the elections the minimum consensus and the parties' political rapprochement around the same patriotic aims must be achieved in the RS. He said that, owing to his activities in the process of harmonizing these aims, he will not

participate in the parties' contest and will not be a candidate of any party.

In an interview for the Pecat Vremena program of Kragujevac Radio today, Koljevic recalled that he had expressed such a view at the RS Assembly session last March when he said that one "should create the minimum consensus regarding the common national and state interests of some parties to unite and to protect these interests within the framework of the Dayton agreement."

According to him, the coming elections in Bosnia are not ordinary elections, but "elections as part of the Dayton agreement, which must be observed. After these elections, the common national aims must be defended even more." [passage omitted]

Commenting on the visit by the political-business delegation of the Bosnia-Herzegovina Federation to Belgrade, Koljevic said that he considered it "natural that the Federal Republic of Yugoslavia should normalize relations with the Muslim-Croat federation as with all other state units that it had recognized."

"It has been doing it, it has been trying to do it, and, regarding the main issues, things are difficult, but progress is being made," Koljevic said. [passage omitted]

Commenting on the RS' future within the Union of Bosnia-Herzegovina, Koljevic said that some kind of cooperation is inevitable because "they live next to each other."

"So, this will be a union of those living next each other. After Dayton, the union appears to be like fate. It appears that no one likes it, but no side can avoid it," he said.

He said that the union "should be based on the legitimate and real interests of both entities." [passage omitted]

B-H: Buha Opposes Multiethnic Bosnia, 'Reintegration'

LD2707212396 Belgrade SRNA in Serbo-Croatian 2045 GMT 27 Jul 96

[FBIS Translated Text] Sarajevo, 27 Jul (SRNA)—Speaking on Serb television about new parties in the Serb Republic, Foreign Minister Aleksa Buha stressed that "no party, irrespective of its political orientation, can get out of the main course of Serb history."

Buha specified that "a framework has been set up, which no one can leave and which no one has the right to leave, primarily because of the sacrifices, young lives, and spilled blood."

Commenting on constant pressure on the Serb side, he stressed that "the Serbs are acting as any other normal people would, demanding for themselves what is guaranteed in the international community's documents."

Buha, who is also the acting chairman of the Serb Democratic Party, stressed that to a large extent the Dayton agreement recognizes the Serb Republic as a state.

According to him, the phrase "reintegration into Bosnia-Herzegovina" is wrong, or rather, it is a malicious interpretation of what the international community calls the economic reconstruction of the Serb Republic and the Muslim-Croat Federation.

After everything that has happened, there can be no talk about reintegration, Buha said, and stressed that since a multiethnic Yugoslavia had proved impossible, a multiethnic Bosnia was impossible too.

B-H: Klikovic: Foreign Financial Aid Used To Force Concessions

LD2707210896 Belgrade SRNA in Serbo-Croatian 2045 GMT 27 Jul 96

[FBIS Translated Excerpt] Banja Luka, 27 Jul (SRNA)—Serb Prime Minister Gojko Klikovic said this evening that his government's goal was to recover the Serb Republic's industrial facilities, after which development plans will be drawn up and prepared.

"We cannot expect loans and assistance from the international community. They link everything to the elections and everything will be reduced to economic pressure and blockade by the international community, which is trying to force the Serb Republic to make certain political concessions that we do not want to accept," Klikovic stressed.

He concluded that this was why "we have to rely on our own forces and resources to repair and relaunch production in certain industrial complexes." [passage omitted]

B-H: Serb Parties Say No More Concessions to World Community

LD2707192796 Belgrade SRNA in Serbo-Croatian 1835 GMT 27 Jul 96

[FBIS Translated Text] Banja Luka, 27 Jul (SRNA)—The Serb Republic is a state of Serb people, and the status of national minorities will be based on reciprocity established in joint institutions of the Serb Republic and the Muslim-Croat Federation.

This is one of the stands agreed at today's meeting of representatives of political parties in the Serb Republic,

held in Banja Luka at the initiative of the Serb Democratic Party (SDS).

All parties agreed that any further blackmail in connection with Radovan Karadzic and General Ratko Mladic, and any setting of new conditions were attacks on the entire Serb nation and therefore, any further concessions will be out of the question.

All parties agreed to abide by the minimum joint policies, including the policy whereby they are expected in their contacts with foreign representatives to draw attention to the fact that the term [in the Dayton agreement] indicating the alleged reintegration of Bosnia-Herzegovina is fabricated.

The next policy on which a high level of consent was reached refers to the rejection of the possibility of postponing local elections in Brcko.

The parties from the federation that registered for elections in the Serb Republic are to be treated as aliens that were allowed to participate in the elections by the temporary election commission against the regulations.

It was also agreed that every party be allowed to appear in the media and that conditions be created for the organization of the election campaign.

The meeting was attended by Acting Serb President Biljana Plavsic, and Acting SDS Chairman Aleksa Buha.

The parties taking part in the meeting were: the SDS, the People's Party of the Serb Republic, the People's Radical Party Nikola Pasic, the Social Liberal Party, the Party of Independent Social Democrats, the Serbian Radical Party, the Radical Patriotic Front Nikola Pasic, the Socialist Party of the Serb Republic, the Serb Party of Krajina, and the Party of Serb Unity.

B-H: Krajisnik: Serbs Will Respect Agreement With Holbrooke

LD2707193696 Belgrade SRNA in Serbo-Croatian 1750 GMT 27 Jul 96

[FBIS Translated Excerpt] Sarajevo, 27 Jul (SRNA)—Momcilo Krajisnik, speaker of the People's Assembly of the Serb Republic, received Michael Steiner, the deputy of the high representative for civilian affairs, in Pale today. They discussed the upcoming elections, freedom of movement, and the problem of the arrests of civilians in the Muslim-Croat entity. [passage omitted]

Krajisnik said that the Serb side is prepared to do its best to protect human rights.

"We used this opportunity to note that even now there are many people who were arrested before and after the

Dayton agreement," Krajisnik said, adding that "their arrests were irregular."

"We are not saying that such things are not happening on the other side and we want to improve the situation so that people can feel secure when traveling to the other entity," he said.

According to Krajisnik, Steiner assured him that the remains of Serb soldiers on Mt. Ozren will be exhumed and handed over soon.

"We also discussed the exchange of prisoners and the fate of missing persons; we want to use this opportunity to thank Steiner and his aides for their concern and work in this area," Krajisnik said.

He added that the functioning of the future joint bodies was discussed as well as "the venue for future meetings, but these are issues that will be discussed in detail in the future and that is why no conclusions on this matter were adopted."

"I want to convey assurances that our side will respect the agreement reached with the international community and Richard Holbrooke, but I want to point out that certain attempts are being made to make a big problem out of small incidents in order to blame the Serb side for them," he said.

Krajisnik said he hoped the elections will be fair which, in itself, will solve many of the problems.

B-H: Gen Tolimir Complains of 'Imbalance' of Military Forces

AU2807153296 Banja Luka Srpski Radio Network in Serbo-Croatian 1700 GMT 25 Jul 96

[Report by Ljubica Pavlovic]

[FBIS Translated Text] At a news conference held today, representatives of the Serb Republic and the Muslim-Croat Federation emphasized that OSCE representatives did the most to contribute to a successful implementation of the agreement on measures of security and confidence, as they wholeheartedly supported the implementation of the Vienna agreement. It was stated that most of part of the agreement was implemented, but that the commission still has to deal with quite a few unsolved problems that are likely to be resolved by joint efforts to the satisfaction of both the Serb Republic and the Croat-Muslim entity.

There were many questions about the agreement on the restoration of peace and confidence in the Serb Republic and the Croat-Muslim entity. A Serb Television reporter wanted to know whether the latest program designed to arm the Croat-Muslim army called "equip and train" is

in keeping with the agreement on building confidence and peace signed in Vienna. Representatives of the Muslim-Croat Federation underlined that the training program is justified, because they were left without equipment and arms after the war on the territory of the former Bosnia-Herzegovina, adding that they do not have the time to wait for the results of the talks on the division of arms of the former Yugoslav People's Army. Since they were left without arms, as they said today at the news conference, the equip-and-train action was timely.

Asked to comment on the problem, OSCE representative (Matson Krasnay) said quite unconvincingly that the equip-and-train program has something to do with the Vienna agreement on confidence and that every country has a right to reliable defense.

Serb Republic representative General Zdravko Tolimir contradicted the statement by the representatives of the

Croat-Muslim entity about the equip-and-train program. He emphasized that the program is in direct violation of the Vienna agreement and that the military hardware ratio between the Serb Republic and the Croat-Muslim Federation is one to two. "That is an imbalance, not a balance of forces," warned Gen. Tolimir, disagreeing with the explanation of the representatives of the Muslim-Croat Federation and OSCE that the action is justified.

Sensing that the discussion about the present distribution of military forces in the Serb Republic and the Croat-Muslim Federation is headed in an unwanted direction, OSCE representatives canceled today's news conference allowing no more questions.

Croatia: EU Ambassadors Deliver Demarche on Mostar

*LD2607183996 Zagreb Radio Croatia Network
in Serbo-Croatian 1700 GMT 26 Jul 96*

[FBIS Translated Text] The assistant [Croatian] Foreign Minister, Hido Biscevic, has had a meeting with the EU ambassadors accredited in Croatia, who handed him an EU demarche about the Mostar elections. The demarche expresses the hope that Croatia will help overcome the current situation. The demarche announces a possible withdrawal of the EU from Mostar and stresses that Croatia's future relations with the EU will depend on its contribution in overcoming the situation that has arisen in Mostar since the elections.

During the talks, Biscevic alerted the EU ambassadors to the political and diplomatic actions through which Croatia over the past few months consistently confirmed its deep understanding of the multiplicity of meanings of the Mostar elections both for a consistent implementation of the civilian part of the Dayton Agreement and for the September elections in Bosnia-Herzegovina. Croatia has made positive contributions to overcoming some outstanding issues, Biscevic said. He stressed in particular the resolution of the crisis concerning the central district, the extension of the deadline for the registration of parties, the announcement of the election boycott by the Bosniak side, and a compromise concerning voting abroad.

The Croatian assistant minister also noted that some disputed issues reflected a worrying degree of inconsistency and political differences in the international community in respect of the observance and implementation of the Dayton Peace Agreement. He also stressed that during the contact group meeting in Rome on 18 February this year it was Croatia who suggested that the EU administration's mandate in Mostar be extended.

Croatia will, within its powers, continue to support political representatives of the two communities in Mostar in their efforts to find—in direct dialogue with the leaders of Bosnia-Herzegovina and the Bosnia-Herzegovina Federation with the involvement of the EU presidency and EU administration—a mutually acceptable solution for the transitional functioning of the Mostar Council until the Supreme Court of the Bosnia-Herzegovina Federation reaches a decision, Biscevic said. Croatia believes that the EU will thoroughly consider—with full awareness of any consequences this action may have—the possible decision to cancel its mandate, the Croatian assistant minister stressed at the end of the talks. He added that resolving the situation in Mostar was in the interests of all sides.

Croatia: Susak Backs Bosnian Croat Boycott of Mostar Council

*AU2807135196 Paris AFP in English
0923 GMT 28 Jul 96*

[FBIS Transcribed Text] Zagreb, July 28 (AFP)—Croatia's hardline defence minister Gojko Susak said he backed a boycott by Bosnian Croats of a newly elected city council in the southern Bosnian city of Mostar in an interview published Sunday.

The Croats are refusing to attend the council, where they lost out to a mainly Moslem coalition, because of alleged "irregularities" in the voting of refugees in Bonn in Germany for the June 30 Mostar elections.

Susak, known for his extreme nationalist stance, told the VECERNJI LIST daily Sunday: "If the Mostar Croats accept these results, the Bosnian Croats will have no chance in the general elections" due in September in Bosnia, adding that Croatia "knows how to defend its interests and those of the Bosnian Croats."

The European Union is pressing the Croats to end their boycott by August 4 or risk the EU withdrawing and has called on Croatia to bring pressure to bear on the Bosnian Croats to accept the election results or face consequences for EU-Croatian relations.

Croatian President Franjo Tudjman said Saturday he would "seriously consider" the EU demands. Tudjman is known to be keen to get Croatia accepted into the main European institutions including the Council of Europe and European Union.

International officials in Bosnia have said that if the Croats are allowed to get away with rejecting the results that they do not like in Mostar, it will set a bad precedent for Bosnia's nationwide polls, set for September 14.

Bosnian authorities have also called on the Croats to accept the poll findings.

Croatia: UN Official Explains NATO Flights

*LD2607183896 Belgrade TANJUG in English
1746 GMT 26 Jul 96*

["Pool" item]

[FBIS Transcribed Text] Vukovar, July 26 (TANJUG)—U.N. Administrator Jacques Klein Friday told the population of Eastern Slavonia, Baranja and Western Srem that the NATO planes were their airforce and were there along with NATO troops for their protection.

Klein made this statement in Vukovar following training flights by NATO aircraft of the IFOR [Implementation Force] forces over this region inhabited mainly by Serbs.

In line with the Erdut Agreement and the Security Council Resolution 1037, the U.N. Transitional Authority (UNTAES) headed by Klein has the right to request support by NATO airforce in some cases.

The Erdut Agreement signed by the representatives of Croatia and of Serbs from Eastern Slavonia, Baranja and Western Srem, envisages a one-year international administration of the region with a possible extension by another year.

UNTAES thus practically has an airforce and it is normal that it should train. The exercises demonstrated to the UNTAES units on the ground that they had air support, as UNTAES priority task is to protect itself, Klein explained.

The flights also represent a warning to all that UNTAES is serious and will honor its commitments, he said.

NATO aircraft were flying over the region at high altitude and were therefore not visible to its population.

Croatia: Vukovar to Osijek Road Reopened After Five Years

LD2607123996 Belgrade TANJUG Domestic Service in Serbo-Croatian 1205 GMT 26 Jul 96

[FBIS Translated Excerpt] Osijek, 26 Jul (TANJUG)—With the symbolic cutting of a ribbon—which was done simultaneously by: Jacques Klein, the UN administrator [in eastern Slavonia]; Goran Hadzic, president of the Serb region of eastern Slavonia, Baranja, and western Srem; and Ivica Vrkic, head of the office for setting up the Croatian authorities in this region—the Osijek-Vukovar road was reopened today after having been closed for five years. [passage omitted]

Croatia: Deputy UN Police Chief Milicevic Replaced

LD2607181196 Belgrade TANJUG in English 1603 GMT 26 Jul 96

["Pool" item]

[FBIS Transcribed Text] Vukovar, July 26 (TANJUG)—Josip Milicevic, the Croat deputy chief of the transitional United Nations police force for East Slavonia, Baranja and West Srem, was replaced on Friday, the regional press centre in Vukovar announced.

The predominantly Serb-populated region of East Slavonia, Baranja and West Srem is under the U.N. Transitional Administration (UNTAES) since last autumn.

The decision on Milicevic's dismissal was made by the Croatian Interior Ministry, but an official explanation of this unexpected move had not yet arrived at the head-

quarters of the transitional police force, the announcement said.

Milicevic was appointed to this post by the Croatian ministry on this July 1, when the transitional police force was formed by 1,300 Serbs and 150 Croats.

Serb Police Chief Petar Djukic said that Milicevic was successfully performing his duty, having significantly contributed to an agreement on initial police operations.

In commenting on the removal of his deputy, Djukic added that 'Milicevic at the same time established good relations with Serb policemen as well as with local population with whom he maintained contacts.'

Official views about Ivan Babic, the proposed Croat successor of Milicevic, would be presented these days by Chief Djukic and UNTAES representatives.

Croatia: Serbs Protest in Vukovar, List Demands

AU2807145696 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 28 Jul 96

[Report by Bogdan Rkman]

[FBIS Translated Excerpt] A protest meeting, entitled "For a Just Peace," has been held in Vukovar. The participants in the meeting were read the text of a petition that was sent to the international community. The petition was signed by over 50,000 citizens of the Srem-Baranja region. Bogdan Rkman reports from Vukovar:

[Rkman] About 10,000 people today demanded that the international community extend the UNTAES [UN Transitional Administration for Eastern Slavonia] mandate for another year, according to Point 1 of the Erdut Agreement. They also demanded that human rights, in line with the highest world standards, be secured by granting the region a special status, and that the areas around the region be demilitarized permanently.

The participants in the meeting also demanded a law on [word indistinct] executive, and judicial authorities in the region, as well as their own flag, coat of arms, anthem, and their own fiscal and monetary system. They also demanded autonomy in education, culture, and the media. They proposed that the issue of citizenship be solved according to the dual citizenship principle.

According to a demand expressed today, the return of refugees must be solved according to the principal of reciprocity and full equality.

The participants in the protest meeting were briefly addressed by the representatives of six nongovernmental organizations, who were the organizers of the rally. [passage omitted]

Speaking at the news conference after the meeting, Milan Cvorak, deputy head of the temporary police force, said that the meeting went without any incidents. Cvorak told journalists that Zeljko Saric, a Serb refugee from Knin, who was arrested on the Belgrade-Zagreb highway last week, has been released from prison thanks to Jaques Klein's efforts.

Croatia: No Acceptance of Serb State in E. Slavonia
*LD2807193896 Zagreb HTV Television
in Serbo-Croatian 1730 GMT 28 Jul 96*

[FBIS Translated Excerpt] Our guest in this evening's news bulletin is in our Osijek studio—Mr. Ivica Vrkic, the head of the government's office for the transitional administration [of east Slavonia]. Good evening.

[Vrkic, via satellite] Good evening.

[Announcer] You attended the meeting in Osijek of residents of Dalj. What are your impressions? As the time of return is approaching, it seems that more patience is necessary than ever before in the past five years of exile. But that is not easy.

[Vrkic] That's right. I thanked our people for everything they have suffered over the past five years and for their patience in waiting for this day when it is completely certain that they will return to their homes very soon. But the closer the moment of return is, the more difficult it becomes because they feel that their return is around the corner and they find it ever more difficult to cope with what has recently been happening in the area under the transitional administration.

[Announcer] Can you comment on the past week, from the allegedly spontaneous demonstrations in Bilje to this day?

[Vrkic] We know what is happening. We know that these allegedly spontaneous demonstrations have a long history. It is clear that that was organized by those who lost the war and are now trying to make up for it in peacetime, allegedly in a political and democratic way.

Everything boils down to them wanting their own state, a Serb state in the Croatian state. Of course, Croatia will not accept that. It will not accept it because there are no grounds for such political demands in any signed agreement and the fact is that Mr. Klein and other important international factors do not support the Serbs

in their ambitions. Instead of directing their energies toward establishing authorities as soon as possible—the authorities that would bring order and security and create conditions for prosperity and life for all people in that area—they still think that it is possible to blackmail Croatia into achieving their goals which, objectively speaking, have no basis in any document or anything else resulting from the peaceful reintegration.

[Announcer] What are the concrete tasks that are awaiting you in the coming week?

[Vrkic] Last week, we completed the opening of waterways, railways, roads, and motorways. Now we want to revive all these routes, we want people and goods to use them. The Croatian government has announced that all Serbs, Croats, Hungarians, and all other citizens living in that area—if they are ready to take Croatian identity cards and display Croatian registration plates—will find no obstacles to free entrance to Croatia and to exercising their rights in Croatia. We expect this to happen any day now. [passage omitted]

Croatia: Explosions at Slavonski Brod Military Factory

*LD2507230496 Zagreb Radio Croatia Network
in Serbo-Croatian 2200 GMT 25 Jul 96*

[Dispatch by correspondent Vladimir Fajgi from Slavonski Brod]

[FBIS Translated Text] According to an unofficial report, we have just received from Brod-Posavina police, a fire broke out and an explosion took place on the premises of the Djuro Djakovic factory [military complex also producing tanks] at about 2115 this evening. The cause of the above is not yet known.

Since then and until 2220 there have been altogether eight explosions—two powerful ones—at various intervals.

The duty department of Brod Posavina police reported that 11 persons had been injured, all out of danger. All were taken to Brod hospital.

Access to the scene of fire is being made more difficult by a risk of further explosions. The police are guarding the area and all traffic around the factory has been banned.

29 July 1996

FYROM: Ethnic Albanians Protest Outside U.S. Embassy*LD2607145696 Belgrade TANJUG Domestic Service in Serbo-Croatian 1355 GMT 26 Jul 96*

[FBIS Translated Excerpt] Skopje, 26 Jul (TANJUG)—About 1,000 ethnic Albanians protested against the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] authorities in front of the U.S. Embassy in Skopje today. They demanded the release of all political prisoners, specifically the leaders of the Albanian university in Tetovo, which the Skopje government regards as illegal.

A wave of protests by ethnic Albanians, rallying around parties belonging to the radical bloc (Party of Democratic Prosperity and the National Democratic Party) has swept through "several towns in Macedonia" in the past few days, and their main slogan "We demand protection" was heard in Skopje today. [passage omitted]

FYROM: Unit Leaves for PFP Exercises in Albania*AU2807150596 Skopje NOVA MAKEDONIJA in Macedonian 15 Jul 96 p 2*

[Article by S.D.: "Macedonian Army Unit Leaves for Albania"]

[FBIS Translated Text] Kicevo, 14 Jul—In the early morning hours today, 98 soldiers and officers of the professional structure of the Army of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] left the Cede Filipovski-Dane Barracks in Kicevo for neighboring Albania. In the coming few days, these soldiers will participate in the multinational military maneuvers "Peace Eagle 96." These are the first soldiers of the Army of the Republic of Macedonia to take part in military exercises outside of the territory of the Republic.

In Albania, together with members of the armies of seven more countries, members of NATO and the Partnership for Peace (PFP), Macedonian soldiers, that is, a unit of professionals, who call themselves the symbolic name of "Scorpions," after the sign on their right shoulders, will practice and coordinate units and commands for joint action in future peace operations and in situations in which humanitarian help should be given. This evening, the unit was visited by Blagoj Handziski, defense minister of the Republic of Macedonia, who wished the soldiers to represent with dignity the Army of the Republic of Macedonia at these multinational military maneuvers in neighboring Albania.

FYROM: Prime Minister Views Policy Priorities*LD2807174496 Belgrade TANJUG in English 1734 GMT 28 Jul 96*

[FBIS Transcribed Text] Skopje, July 28 (TANJUG)—Cooperation with the European Union and NATO and the development of political and economic ties with neighboring countries including the Federal Republic of Yugoslavia are priorities in the policy of the [Former Yugoslav] Republic of Macedonia.

Macedonian Prime Minister Branko Crvenkovski made this statement Saturday addressing representatives of Macedonians living abroad on the occasion of the 45th anniversary of the emigrants' cultural association.

Crvenkovski underlined the importance of the reopening of the Belgrade-Zagreb highway and railway which provide Macedonian businessmen with the cheapest transport route, Macedonian media said Sunday.

Referring to relations with neighboring countries, he advocated the principle of equidistance—a balanced stance towards all without favoring any country.

Noting that Macedonia's foreign debt amounts to 1.5 billion dollars and its internal debt to one billion, Crvenkovski said that the true economic picture of the country would become apparent this year, as it will no longer be possible to hide behind U.N. sanctions on Yugoslavia and Greek sanctions on Macedonia and use them as an excuse.

Many subjective internal weaknesses will thus certainly become evident, he said, but added that reduced political risks in Macedonia's neighborhood—in the rest of the former Yugoslavia—were a reason for optimism.

FYROM: Unexploded Grenade Found Under Skopje Bridge*AU2607182396 Skopje MIC in English 26 Jul 96*

[FBIS Transcribed Text] An inactivated hand grenade was found in Skopje on Monday, under the railway bridge in Skopje, above which is the boulevard "Koco Racin," near the Railway station in Skopje. This information was confirmed in the Interior Ministry—the department for the city of Skopje, however, the exact position, the type and year of production of the explosive device have still not been located. The investigation into the origins of the bomb and the way it was found in this place, is underway.

Poland: U.S. Decision To Aid NATO Candidates Viewed

WS2607140696 Warsaw SZTANDAR in Polish
26-28 Jul 96 p 4

[Commentary by Aleksander Kropiwnicki: "We Have Time Till November"]

[FBIS Translated Text] The House of Representatives of the U.S. Congress approved the plan to earmark \$60 million for Poland, the Czech Republic, and Hungary to make it easier for these countries to join NATO.

This is a very small sum. It is so small that it looks like a tip rather than real aid. However, the first step has been made. By clearly identifying the three countries which are to join NATO in the foreseeable future, the Congress has, in a way, created a fait accompli.

This is what irritated the White House, which hastened to... criticize the Congress, although not in very strong terms.

Clinton's entourage is in an awkward position. On the one hand, America has not had an equally pro-Russian administration for a long time. Under the incumbent President, many U.S. politicians (even if we ignore the interests of the arms industry lobby) have clearly shown their longing for the bipolar configuration of forces—in which developments were far easy to predict than they are today; local conflicts were stimulated and controlled by the rival superpowers. Today, the threat of a civil war in Russia still scares Americans. Washington is prepared to pay far more for stability in Yeltsin's domain than for the security of Central Europe.

On the other hand, the constant efforts made by the Central European countries are beginning to yield effects. In addition, opinions from European supporters of NATO expansion are also proving to carry some weight.

In the United States, an election campaign is in progress. The stakes are high in this fight—the candidates want to get support from a few million Polish voters, not to mention other American communities which have their roots in Central Europe. Both Bob Dole, who ranks lower than his rival in opinion polls (although he is fighting to the end), and Bill Clinton, whose position in polls is better (but who is still not certain of his victory) must try to attract these voters. It might prove suicidal to oppose NATO expansion at such a time.

Therefore, despite its irritation, the White House is currently unable to openly pursue its "Russia first" [preceding two words published in English] policy. Our diplomatic services should take advantage of this forced period of favorable circumstances. The American elections will be held in November; after the elections,

no matter who wins them, there will come a time when Washington will resume negotiations with the Russians.

I will repeat: The first step has been made. We have a long and bumpy way to go, but at this point I can assuage my pessimism about Poland's integration with the Alliance. Even though the admission of new countries requires approval from all the current NATO member-states, everyone is absolutely certain that the stand taken by the United States will be decisive. Washington's support would not automatically mean our admission, but it would certainly be very helpful. An objection on the part of America would close the door to NATO for us. We have received the first positive signal in a long long time from across the Atlantic.

Poland: National Bank President Interviewed

WS2507135396 Warsaw NOWA EUROPA in Polish
24 Jul 96 p 14

[Interview with Hanna Gronkiewicz-Waltz, president of the National Bank of Poland, prepared by Maciej Fischer; place and date not given: "NBP President Hanna Gronkiewicz-Waltz Invited by NOWA EUROPA; A Realistic Chance To Keep Inflation Down at 17 Percent"]

[FBIS Translated Excerpt] [Fischer] What made the National Bank of Poland [NBP] reduce its interest rates?

[Gronkiewicz-Waltz] In the last two months inflation slowed down quite considerably; annual inflation is now below 20 percent. As a result, the possibility of keeping annual inflation down at the level projected in the budget, that is, 17 percent, is quite realistic. This made it possible to slightly reduce the basic NBP interest rates (by one point). Other factors which justified such a decision—which did not entail the risk of increasing the domestic demand (and, consequently, inflation)—was the noticeable decrease in the money supply growth rate in the economy.

In such a situation, the reduction of the NBP interest rates should not make banks reduce their interest rates on deposits by more than one point, all the more so because reduction of the obligatory reserve rate (made in June) enabled banks to cut down the costs of obtaining money. As a consequence, the willingness to save money in the economy should not be negatively affected.

The reduction of the interest rates in the central bank should bring about a slight drop in the interest rates on loans offered by commercial banks. The correction of the NBP interest rates was also a natural consequence of the reduction of the interest rates on the interbank market. In May and June the market interest rates went

down by more than one point. It seems that after our most recent decision, interest rates on the interbank market will continue to fall.

[Fischer] How much money did banks take back from the NBP after the central bank lowered the level of the obligatory reserves on current accounts, and how was this money used?

[Gronkiewicz-Waltz] Banks took approximately 700 million zlotys. However, it is not known yet where this money will go. Now that their operating costs are lower, banks must decide themselves whether they will want to buy Treasury bonds, how much of them they will want to buy, and how much they will reduce interest rates on their loans.

[Fischer] It is expected that at the end of the year the exchange rate of the U.S. dollar will exceed three zlotys. Do you think that, as a result, people may feel more inclined to save money in this currency [dollars]?

[Gronkiewicz-Waltz] This question requires not only economic, but also sociological knowledge. The opinion that the U.S. dollar is a more secure currency than the zloty is very deeply rooted in our society. Thus, the rate of converting savings in U.S. dollars into zlotys may slow down. This is possible—particularly in a situation when the zloty is being depreciated. This is one of the reasons why we have to be so cautious when reducing interest rates; such a step also results in lowering the profitability of keeping zloty deposits in banks.

People's decisions are also affected by public discussions held by politicians, discussions about the excessive strength of the zloty and about the necessity of weakening our currency.

[Fischer] Is the NBP going to take into consideration our growing foreign trade deficit and try to halt the process of strengthening the zloty, or is it going to make no changes in the exchange-rate policy?

[Gronkiewicz-Waltz] The exchange-rate policy is extremely sensitive to political developments; for this reason, I cannot say exactly what our plans are. The NBP must not allow any kind of destabilization to occur.

The deficit in our foreign trade is offset by a surplus in across-the-border trade, even though it must be admitted that, in total, this year's trade surplus is smaller than last year's. As a consequence, investors' expectations of seeing the zloty appreciated are smaller. Thus, the threat of further strengthening the zloty does not exist for the time being. Should the situation in the balance of payments worsen, it should be expected that we will intervene, just like we did when we took action to prevent excessive strengthening of the zloty.

[Fischer] Let us talk for a while about what the state is doing as the owner of certain banks. What do you think of the changes in the supervisory boards of the banks in which the State Treasury has a majority stake? What about the state's attempts to take over the privately owned Bank Staropolski? Is this not a reversal of the privatization process?

[Gronkiewicz-Waltz] In a situation in which measures are being taken to strengthen the banking sector, from the point of view of the overseer, it is only a good thing that a bank such as the Bank Staropolski has more capital. It does not really matter whether this capital is owned by the state or not—as long as such a measure improves the security of the banking system.

Now, if one evaluates the situation from the point of view of the State Treasury, one comes to the conclusion that it is better if the state has influence on the decisions made in the bank. Merging private and state-owned capital is a different story. This is legal, but it may raise doubts in people minds; they may start suspecting that such operations are advantageous to privately owned partners and disadvantageous to the state. [passage omitted]

[Fischer] Do you think that consolidation of the Polish banking system will be advantageous to the Polish economy and enhance the capabilities of Polish banks?

[Gronkiewicz-Waltz] Banks must have more capital. However, the consolidation process will not increase that capital significantly—what banks need is an inflow of capital. There is also another important thing: The consolidation process should reduce the operating costs of the entire group of banks.

Consolidation is unnecessary if it results in the establishment of holding banks, whose operating costs are greater than the costs of individual banks. There is no doubt that our banks must be stronger. The NBP is interested (from the point of view of the overseer of the entire system) in all activities which will help banks gain more capital. If the consolidation process helps implement more advantageous and profitable privatization in big banks which have more capital, we will support it. Experience will show in what direction consolidation of the banking sector will go. This will be known a little later. Right now it is difficult to predict everything precisely.

However, we had some reservations concerning the method of implementing this consolidation process. The plan to include Bank Przemyslowo-Handlowy in the process was a political mistake which deterred foreign investors. It must be remembered that foreign investors

still can be a valuable source of capital for the Polish banking system.

[Fischer] What about the banks which are owned by the NBP? This year the central bank was to get rid of the Pierwszy Komercyjny Bank in Lublin and the Polski Bank Inwestycyjny (PBI), along with the Prosper Bank. Is there an interest in these banks, and can you confirm that talks have recently been resumed to sell the PBI to the Bank Handlowy in Warsaw SA?

[Gronkiewicz-Waltz] I can say that in the case of the Pierwszy Bank Komercyjny in Lublin, talks are under way with a potential investor. However, they are secret, which means that I cannot reveal the name of the investor. There are also potential buyers of the PBI and Prosper Bank. We want the prospective owner to be able to decide himself when he should incorporate the Prosper Bank. We do not want to place him in a situation in which he would have no choice.

We have already received several interesting offers from those who want to buy the PBI and Prosper Bank. There are also Polish banks among the potential investors.

[Fischer] Are you expecting an "invasion" by foreign banks, and what would be your attitude to such a phenomenon?

[Gronkiewicz-Waltz] The license-granting policy pursued by the NBP is always agreed to with the government. We saw that the situation in the banking sector was difficult and we made it more rigorous on our own initiative in 1992. Foreign banks began to appear on our market in 1993 as shareholders' companies operating in line with Polish law. There is a certain condition which foreign banks must meet before entering the Polish market: Making a contribution to the process of strengthening the Polish banking sector. Foreign banks are still interested in Poland, but I believe that the banks which wanted to start operating on our market the most have already received licenses.

In our country, it is the government's task to determine the amount of foreign capital that can come in to Poland; for this reason, we have suggested that the draft banking law include a provision which would say that licenses granted to banks should be in line with the economic interests of our country. As far as the process of granting licenses is concerned, the NBP treats Polish and foreign banks equally, which means that once a bank meets all the requirements, it receives a license.

[Fischer] How do you evaluate the draft laws on the NBP?

[Gronkiewicz-Waltz] The goal of the tasks carried out by the NBP, as specified in the bill presented by the

deputies of the Democratic Left Alliance and the Polish Peasant Party, differs from the goals of central banks in the EU. In the aforementioned bill, the goal focuses on the economy, whereas the primary task of a central bank should be the stabilization of prices. Aside from that, the idea of what is and what is not an organ of the bank is also erroneous. In line with the bill in question, the NBP president is not even an organ of the bank, as a result of which the position of the NBP president is weaker. Another fault in the bill is that it mentions the possibility of financing the budget deficit. Maintaining the main principles of monetary policy approved by the Sejm is also inadmissible. Such solutions are contrary to the statute of the European system of universal banks and the statute of a European central bank.

This bill deprives the president of influence on the appointment of individuals to posts in the bank; these decisions are to lie with the Sejm majority, which keeps changing. This poses a threat to the stability of the institution of the central bank because the composition of its leadership will depend on the ever-changing situation in the Sejm, and not on the president—who is stable and not involved in political disputes.

Generally, this draft law is very poor, just like the proposal to place the banking supervision organ outside the central bank.

[Fischer] How many commercial and cooperative banks are threatened with bankruptcy?

[Gronkiewicz-Waltz] Restructuring packages are being implemented in approximately 200 cooperative banks. Right now, it is difficult to assess whether all of them will be successful. Several commercial banks are also in trouble.

[Fischer] How do you evaluate the activities of the Bank Security Fund (BFG)? What can you say about systemic solutions? Have they proved themselves in practice, or should there be some changes made?

[Gronkiewicz-Waltz] We should return to solutions which the NBP proposed at the very beginning but which were rejected by the Sejm. For example, the BFG should be given the option to take over a bloc of shares in the banks which it rescues. Some of the amendments to the law on the BFG are right. However, I do not think that the deposits which banks contribute to the BFG should be increased very rapidly. Excessively high payments might weaken banks. The BFG is only just beginning its work. We will have to wait a little longer to see its results.

Poland: Controversies Over 1997 Budget

96EP0085B Poznan WPROST in Polish 14 Jul 96
No 28, pp 18-19

[Article by Krzysztof Golata and Stanislaw Janecki: "Haggling Over the Budget: Mining Subsidies Will Be 87 Percent Higher in the 1997 Budget, But State Sector Salaries Will Be 3 Percent Higher"]

[FBIS Translated Text] The dispute over the 1996 budget was basically a dispute over how much was to be spent on agriculture. The PSL [Polish Peasant Party] succeeded in convincing its coalition partner the SLD [Democratic Left Alliance] to increase by 3 percent, in real terms, the spending on agriculture. This kind of proves that agriculture is not a productive sector but one of the costliest spending items in the budget.

Total spending on health care last year was 14 billion zlotys [Z]; on education, Z13 billion; and on agriculture, Z10.5 billion (105 trillion old zlotys). Of this total Z1.7 billion is from the central budget, Z7.8 billion is in payments from the Farm Social Insurance Fund, and Z722 million from voivodship budgets, plus even a subsidy for lime fertilizers (Z175 million), concealed in the budget of the finance minister.

If we add up all the spending on agriculture—inclusive of equalization fees, customs barriers, subsidies (23 trillion old zlotys) to the Bank of the Food Industry, operating expenses of agencies, and targeted funds—it turns out that our agriculture is subsidized to a greater extent than the agriculture of the countries of the European Union. In the West farm subsidies account for 3 percent of total employment, whereas in Poland they account for 30 percent.

For 1996 the budget earmarks for national defense and domestic security only Z3 billion more than for agriculture. Not more than Z4.5 billion is allocated for education. In the 1997 budget these proportions are to be even more favorable for agriculture. In this connection, public opinion is being misled. That is because budget discussions refer exclusively to the funds allocated to agriculture by the central budget and the voivodship budgets. But when it concerns reducing the government's share to 89 from 94 percent in financing the Farm Social Insurance Budget, alarm is raised on the grounds that farmers are treated as second-class citizens. Deputy Prime Minister Roman Jagielinski and other leading PSL politicians see nothing wrong in this because a huge manpower surplus is present in the countryside and it allegedly does not directly burden the budget or the taxpayers. But no one has calculated what would be more advantageous: spending taxpayer money on retraining some rural dwellers in other occupations

or retaining the anachronistic structure of farms and employment.

The disputes about the farm budget have relegated the needs of the "budzetowka" [pensioners, civil servants] to a secondary plane. The Finance Ministry assumes that 1997 budget receipts will total Z115.4 billion. In real terms they will increase by 0.6 percent, and in nominal terms, by 15.7 percent. Spending will total Z126.5 billion, but 37 percent of that amount is for fixed expenditures, which limit the possibilities for raising wages and salaries in the state sector. The deficit is to amount to Z11 billion, or 2.6 percent of the GDP. Should that amount not be exceeded, that would be one of the best results in Europe. It is expected that inflation will not exceed 13 percent while economic growth will be 5.5 percent of the GDP. Wages in state enterprises are to increase by 2.8 percent and in civil service by 3 percent. Thus the government has not made good even half of its 1996 promises to the "budzetowka."

In 1997 there will be parliamentary elections. In this connection, the list of priorities of the 1996 budget makes allowance for the needs of the electorates of the governing coalition. That explains why the preamble to the budget mentions spending on improved domestic security, on civil servants and pensioners, subsidies for education and culture, growth of housing construction, and agriculture and rural areas. At the same time, it is proposed that subsidies for economic entities be increased by 33 percent (they will amount to Z3.5 billion).

In 1997 about Z4 billion in taxpayers' money is to be spent on construction. That amount consists almost exclusively of funds for repayment of loan guarantees and of interest on housing loans, as well as of the subsidies, included in targeted reserve funds, for the National Housing Fund. But basically this means inequality of citizens before the law because current buyers of dwellings cannot count on such support. The views of Deputy Prime Minister Kolodko, who believes that construction is not part of social services and should be financed on business principles, are not meeting with any major understanding from the governing coalition. Grzegorz Kolodko is opposed to the introduction of a 7-percent value-added tax [VAT] on building materials.

Disputes about detail are relegating to a secondary plane the issue of budget design. Wojciech Misiag, a former deputy minister of finance, has repeatedly stated that in Poland the custom is first to draft a plan of expenditures and only afterward to explore sources for funding them. On considering the last few annual budget acts one might conclude that various expenditures are being automatically renewed without considering their valid-

ity. Why is it that trade, which is completely privatized, needs Z367 million in subsidies? Why does the budget of the health service allot more than Z1.5 billion for subsidizing medicines for eligible applicants? These are additional manifestations of dividing the citizens into better and worse ones. This also applies to the funding of the railway personnel health service (about Z400 million) or the cut-rate transportation discounts for various employee groups, which are accompanied by extracting from the wallet of the taxpayer nearly Z750 million for subsidies for railway and bus travel. Likewise unclear are the expenditures—in both ministry and voivode budgets—on "miscellaneous activities." Could not these costs include the consequences of waste and mismanagement?

No one questions the need to restructure agriculture. The problem is that the amount of the subsidies allegedly allocated for restructuring is increasing with each year but the situation in that sector is not changing. The 1997 budget allocates Z707.2 million in subsidies for mining, that is, 87 percent more than this year. But that is nothing compared with the budget plans for the years 1997-2000, when these subsidies are to reach the astronomical sum of Z4,594.6 million.

It is not known whether the premises of the new budget will be accepted by the parliament and the president. The PSL insists on lowering the minimum tax rate to 18 percent, which of course would derail the planned budget receipts, inclusive of increases in farm subsidies. The Labor Union party, in its turn, advocates lowering the minimum tax rate to 15 percent. Yet at the same time the draft budget envisages a nearly 18-percent increase in tax revenues. The Ministry of Finance is demanding that most tax rebates be rescinded and tax collection be tightened. In the event of acceptance of the proposals that the VAT on energy carriers be 17 percent and on books and press publications 1 percent, the declared 3-percent scale of the tax on goods and services will become a fiction.

Unexpectedly, President Kwasniewski also has criticized the budget. When next year's elections are taken into account, it may turn out that the rational assumptions of Deputy Prime Minister Kolodko will be replaced with successive unrealistic premises that a totally new government may have to translate into reality after the elections. The finance minister may try to convince his opponents and as a last resort recall the saying of Marek Borowski that one has only one face and submit his resignation. That is unless the ruling coalition, being concerned about its own electorate, dismisses him first.

Poland: Weekly Comments on Oleksy, Causes of 'Crisis'

96EP0084A Krakow TYGODNIK POWSZECHNY
in Polish 23 Jun 96 No 25, pp 1, 7

[Article by Jerzy Turowicz, editor in chief of TYGODNIK POWSZECHNY: "Social Democracy?"]

[FBIS Translated Text] There is an ongoing dispute on whether the Polish state is or is not in a crisis. The politicians and publicists of the coalition governing Poland nowadays claim, of course, that there is no crisis, the government and the parliament are functioning normally, and the curve of economic growth is climbing, however slowly. I am one of undoubtedly many people who are of a different opinion; namely, they believe that the Polish state is in an acute crisis.

The cause of the crisis is not in the least the so-called Oleksy affair. This crisis dates from at least the victory of Aleksander Kwasniewski in the presidential election of 1995, but essentially from even before—from the last parliamentary elections, in September 1993. The crisis is this: Nowadays all power in our country—the Presidency, the government, and an absolute majority in the parliament—is concentrated in the hands of a single political orientation, namely, the postcommunist parties. The members of the governing coalition dislike very much to be called postcommunists, but nevertheless, I believe, that appellation corresponds closely to reality.

Why Did the Opposition Struggle?

The fact that all power passed on to the "postcommunists" is, in my opinion, against the interests of our nation; this is harmful and morally inadmissible. The democratic opposition—and during the Solidarity era the entire society—did not struggle for years to topple the communist regime imposed on our nation only in order that, seven years after the collapse of that regime, Poland would be ruled by its heirs and continuators. I am not in the least questioning the legality of the present government. The ruling coalition is democratically quite legitimate and has the right to exercise power. It has been invested with power by the Polish society twice, in democratic elections. We are aware that this has happened owing to a host of reasons (including flawed electoral laws). These reasons have already been repeatedly analyzed—in this weekly as well—and there is no point in discussing them in more detail here. But perhaps a reminder should be offered here that one of these reasons, and not the most important one, is the political immaturity of our society and its elites. To be sure, it is said to be improper and not nice to accuse the society of immaturity. But I am not at all accusing or reproaching the society of anything; I am simply stating that after 50

years of totalitarianism and total repression of the society it was not easy for us to reach maturity all at once together with the onset of democracy. And while we are speaking of political maturity, it may be worth mentioning that during the first presidential elections following the collapse of the communist state one-fourth of the Polish electorate was ready to entrust the highest office in the state to Mr. Tyminski....

In their attempts to justify the present situation in our country, people say sometimes that a similar situation exists in the other countries of the former "socialist camp," viewing this as a kind of pattern or even a "historical necessity." Well, aside from the fact that the concept of "historical necessity" should be put on the shelf together with Marxist ideology of unblessed memory, the fact that in the other countries of the former "camp" we are dealing with a situation similar to that of Poland's is neither a consolation nor a justification. The more so considering that Poland was the birthplace of the process that, as in a chain reaction, began to involve all the other countries of the "camp," including the Soviet Union.

Causes of Domination by Postcommunists

The presence of the "postcommunists" on the Polish political scene and, nowadays, their domination of that scene has its own well-known roots. The collapse of the communist regime in Poland occurred in stages. This process was (in its last phase) initiated by the "roundtable" in February 1989 and subsequently in June of the same year by the first parliamentary elections; that is, by the victory of democracy and the formation of the first noncommunist government and, lastly, in January 1990, by the self-dissolution of the PZPR [Polish United Workers Party]. The transition from the "commune" to democracy thus occurred in stages and, as we rightly can be proud of it, without bloodshed and broken windows. However, the minus side of this "smooth" transition has been the absence, especially in public awareness, of a sharp dividing line, of a breaking point, of a sharp break with the "socialist" past. The fault certainly belongs to some extent to the first Solidarity governments, but it should be borne in mind that during the first stage of the transition from the "roundtable" to the formation of the Tadeusz Mazowiecki government all power, that is, the administration, the Army, the police, the administration of justice (or rather of injustice), and the media, was in the hands of the outgoing regime. The capitulation of that regime, in the face of the economic disaster it had caused and the pressure of public opinion, that is, the self-dissolution of the PZPR, did not in the least mean the departure of that formation from the political scene, because at the same moment, like a phoenix rising from

the ashes, the SDRP (Social Democracy of the Republic of Poland), and subsequently the SLD [Democratic Left Alliance], were born—meaning that the communists had turned overnight, in a truly miraculous manner, into social democrats, while at the same time declaring themselves the heirs and continuators of the PZPR and taking over its human and material resources.

Having adapted itself to the new situation, and disposing of those human and material resources and of experience on the political scene, acquired over the years while it had been in power—experience that was not available to the democratic opposition, which had to establish from scratch new political parties—the postcommunist left gained the fullness of power. The problem is that this current governing coalition, while its democratic legitimacy for governing the country is, true enough, unquestioned, lacks moral legitimacy. (This was explicitly demonstrated by Aleksander Smolar in the article "Kwasniewski's Poland," published in TYGODNIK POWSZECHNY, No. 1, 1996.) It lacks that legitimacy because it has never settled the score with its own past, has not broken with that past, has not told the truth about what the PRL [Polish People's Republic] was like and what is the responsibility of its predecessor party for the PRL.

Responsibility for the PRL

Is it necessary to remind the reader once more what the PRL was like? To remind him that in the years 1945-89, despite all the zigzags of that period, despite all the appearances, Poland was neither an independent nor a sovereign state, that it was closely dependent on the Soviet Union, that it was not a law-ruled state but a state of lawlessness, that the PRL regime was a regime of lies and of the enslavement and depravation of the society, and lastly that it was a criminal regime, responsible for the deaths of tens of thousands of innocent people and for wronging hundreds of thousands and making them suffer? And even though these crimes reached their peak during the first few years of the PRL, this does not mean that there was no lawlessness and no crime during even the last few years of that regime. The responsibility for all this, for the enormous wrongs and injuries caused to the Polish people, is borne by the PZPR, the party that had during those years ruled Poland on an alien behalf, and that had all that time lacked democratic legitimacy.

Of course, given Poland's situation after World War II, when, fortunately, it did not become the 17th republic of the Soviet Union, someone had to rule the Polish state, and in that situation that could only be the PZPR. But the problem is not that the PZPR was the ruler but how it ruled and in whose interest. Essentially it ruled in the Kremlin's and its own interest, and not in

the interest of the state or the nation. And for all this it is the PZPR people who bear responsibility. We are now not speaking of legal or criminal responsibility. In the legal sense, collective responsibility does not exist; responsibility can be borne only by particular individuals for particular actions. On the other hand, collective moral responsibility does exist. It is borne by all the active members of the apparatus of the party or of power, and for the entire PRL at that.

Let us repeat: From 1945 until 1989 this was, despite all the deviations, thaws, and momentary liberalizations, the same regime, a totalitarian regime. Any claim that it had been a totalitarian regime only during its early period and not later is totally superfluous hair-splitting if we assume that, by its nature, totalitarianism is the opposite of democracy, does not tolerate any legal opposition, and the reins of governance are in the hands of the party rather than of the government established by that party, with the party imposing its ideology on the society. Thus it was a totalitarian regime until its very end, even though in the final period it became somewhat toothless and its ideology became increasingly moribund.

Of course, collective moral responsibility burdens individual party members to a greatly varying extent, depending on when and why they joined the party and what they did in its name. But it is indefensible to claim that the younger party members, who were active in the party only during its final, "milder" period, do not bear responsibility for the past. If they were conscious, active members of the party, familiar with its past and status in the state, and if they accepted that party and the PRL, then they have no right to avoid moral responsibility.

The Return of PRL Practices

If the postcommunist formation governs Poland nowadays—and I am speaking of the entire formation because the PSL [Polish Peasant Party] has not completely freed itself of its own legacy—then this does not mean that communism is returning to Poland. Not only that but it is unlikely to return—in the foreseeable future. On the other hand, many PRL practices, methods of action, and style of governing—characterized chiefly by placing party interest above the interest of the state or the nation—have either returned or are returning. The last few months, and even the last few days, provide many commonly known proofs. The outstanding—but not the only one—proof is the Jozef Oleksy affair. Despite recent comments by Prime Minister Cimoszewicz in Oleksy's defense in front of television cameras—comments that, it should be emphasized here, were made even before several investigations of this affair had been completed—this

affair has not been completely explained, although it could be said that in a sense the matter is quite clear. I believe, and this is my personal conviction, that it is hardly likely that Jozef Oleksy was knowingly a spy and, in return for some benefits or solely owing to ideological considerations, transmitted information to a KGB agent. To be sure, it has not been proved that Oleksy was unknowingly an agent, meaning that he passed on information to someone of whose KGB identity he was unaware. But not even that is the point. The point is the very fact, the indubitable fact, that Oleksy maintained a long-lasting intimate social relationship with Alganov, about whose link to the KGB he had been informed at a certain moment. The point also is that he maintained contact with Alganov's successor, Yakimishin, to whom Alganov had simply passed on Oleksy as his informant, and that Oleksy by then must have been fully aware that he was dealing with a KGB agent. Well, this fact alone would be quite sufficient in any civilized, law-ruled state to end the political career of Jozef Oleksy. Yet, as known, Oleksy's party comrades accused the media of having prejudged Oleksy's guilt even before the pretrial investigation was completed (a false accusation because the media did not do so in the least), and thereupon, also before the ending of the pretrial investigation, prejudged his innocence by electing him the head of their party! How else can this be defined than as the height of arrogance vis-a-vis public opinion, and as another proof (one of many), that the SDRP, the Social Democracy of the Republic of Poland, as the guiding force of the current governing coalition, is no social democracy in the Western meaning of the word but simply the "postcommune." Regardless of how the government, the president, and the parliament will act, this fact is the principal cause of our national crisis; it is causing immeasurable injury to our nation, and it is an obstacle on Poland's road to democracy and a law-ruled state, and it also harms Poland's interests on the international arena.

To gain moral legitimacy for not only the exercise of power but also presence on the political scene, to become a social democracy (which, of course, is not possible overnight), and to win credibility, the postcommunist state would have to honestly settle the score with its own past. It would have to abandon attempts to rehabilitate the PRL and to tell the entire truth about what the PRL was like and what the PZPR's responsibility for it all was. It would have to decommunize itself, this being much more important than all kinds of vettings, and, of course, it would have to purge its ranks of hard-liners. But I fear that the postcommune does not want to do it and never shall.

Romania: Melescanu Advocates Talks on Entering NATO

*AU2507142696 Bucharest VOCEA ROMANIEI
in Romanian 22 Jul 96 p 4*

[Unattributed report on Foreign Minister Teodor Melescanu's statement at the National Press Club in Washington on 19 July: "Romania Opposes a Preferential System for Joining the Atlantic Alliance"]

[FBIS Translated Text] During a news conference held at the National Press Club in Washington on Friday [19 July], Romanian Minister of Foreign Affairs Teodor Melescanu said that although Romania's fundamental goal is to become integrated into NATO, Bucharest does not see this association with the North Atlantic Alliance as simply a way to ensure its own security. It is also an opportunity to become a security provider, thus making a contribution to regional security.

Minister Melescanu opposes the idea of prequalified states in the race for NATO integration. As long as the process of evaluation of candidate states for the status of North Atlantic Alliance member is in the process of unfolding, the Romanian minister declared that he does not see any logic in such unfounded assessment. He also said that Romania sees itself as one of the most valuable candidate states within the process of NATO expansion.

The Romanian foreign minister also said that given Romania's situation, it is in favor of a simultaneous start of the association negotiations, followed by each country's integration into NATO according to the way it responds to the required criteria and conditions, while all the countries that expressed their desire to join the alliance receive guarantees that the NATO expansion process will not conclude before all the countries that wish to become members of the Alliance have been admitted.

In the Romanian diplomat's assessment, it would be immoral if NATO were to designate a number of countries that would start negotiations for association in a first wave, because such demarches would block for a few years the path of other countries, and without guarantees that the other states will also be able to join NATO, new sources of instability would be created. Teodor Melescanu added that another effect of such a preferential system of association would be to place Romania in a vulnerable position before concurrent influences.

In the opinion of the head of Romanian diplomacy, Russia must be regarded as a partner, the major problem in the relations with Moscow being to help Russian officials change their mentality and stop regarding

NATO as a hostile and potentially enemy military alliance.

Teodor Melescanu also said that currently the topic of security is no longer limited to conflicts with potential enemy neighboring countries. Security might be threatened also by internal danger, such as organized crime, drug trafficking, terrorism, or interethnic conflict.

On Wednesday, U.S. Secretary of State Warren Christopher was showing optimism regarding Romania's chances to join NATO in the first wave. "Certainly, Romania has made numerous achievements to qualify for discussions on its joining NATO," said Christopher at the beginning of the meeting with Minister Teodor Melescanu.

The foreign ministers of the NATO member states will meet in December to decide on the next stages of the expansion, among which the organization of a NATO summit at the beginning of summer 1997 is also included.

Romania: Transylvanian Leaders Back World Church Meeting

*LD2607132596 Budapest Kossuth Radio Network
in Hungarian 1000 GMT 26 Jul 96*

[FBIS Translated Text] The ethnic Hungarian Churches of Transylvania support a world meeting of Reformed Churches. Their leaders have forwarded a letter to Romanian Prime Minister Nicolae Vacaroiu. Peter Marvanyi reports from Tirgu Mures.

[Marvanyi] We have learned with astonishment that state authorities are opposed to a world meeting of reformed churches and have been trying to hamper the staging of events, attributing a political angle to this outstanding series of religious events, the archbishop of Alba Iulia, his two bishops, and the Unitarian and Evangelist bishops of Cluj say in their letter to Prime Minister Vacaroiu.

The church leaders refer to the country's constitution, which guarantees liberty of conscience, freedom of religion, and the right of assembly. Staging religious events requires no permission.

The archbishop and the bishops quote a European agreement on human rights, signed by Romania, which guarantees everyone the right to express one's religious belief in public and at religious ceremonies.

In the letter, they pledge solidarity with the reformed churches and say they will emphasize that with their presence at the events.

Federal

FRY: Media Give Low Profile to Bosnian Delegation Visit

AU2807174896 Belgrade NASA BORBA
in Serbo-Croatian 26 Jul 96 p 8

[Commentary by Milena Saponja-Hadzic: "The State Suppresses the Facts"]

[FBIS Translated Text] According to the controlled media, it was not a delegation of the state of Bosnia-Herzegovina that visited Belgrade several days ago, but a delegation of only one of its entities—the Federation of Bosnia-Herzegovina, whose vice president, Ejup Ganic, headed the Bosnian negotiating team. The government media still call it the Muslim-Croat Federation, which it never was (it is Bosniak-Croat), but that name had suited propaganda purposes and unambiguously showed Serbia's ultimate intentions in the Bosnian war. RTS [Radio-Television of Serbia] news broadcasts reported on the visit only after about five minutes of program, not in the headline news, which such occasions merit, like for example the visit of the Croatian delegation last spring.

The manner in which the visit was covered in the Yugoslav media indicates that the assessment of Belgrade-based foreign correspondents that this was a "meeting of reconciliation," is still premature. Closer to the truth is that it had to satisfy multifarious needs—the domestic public, both governments, and those who imposed the negotiations.

It was announced that economic cooperation had been agreed and that the negotiators had tried to avoid any uncontrolled statements that would indicate to the other side that they "recognized their state," because the one that decides about that has not made that decision yet. That is why it is necessary to be cautious and gradually change the attitude of viewers who are accustomed to Muslims being referred to as "mortal enemies." To do that, it is best to start off with economic interests; that is easiest to "swallow."

Obviously, the business of the Bosnian charges to the Hague Tribunal and the FRY's continuity have also not been settled, and the hour is imminent when the Brcko issue will be raised dramatically. Both sides pledge that the town is theirs. The Bosnian side argues that thousands of people had been banished or sacrificed for the town, also pointing out the need to connect with the main European line of communications. The Serb side says that there is the danger of the "state that they got with the Dayton agreement" being cut in two parts. Obviously the bugles can still be sounded, which could

decrease or extend the path toward implementing the great project and the final division of Bosnia.

The exacted visit of the Bosnian delegation to Belgrade was not accompanied by the usual official state decorum, and now in Sarajevo, the pragmatic Ganic, in addition to having "groveled to the enemy" will also have to undergo severe criticism for the "treatment" he was given.

Now it is only uncertain whether "Uncle Sam" is satisfied with his most recent visit to the Balkans and the effects of his latest arm-twisting of the Balkan chieftains.

FRY: Commentary: Relations With B-H Recovering Despite Hitches

AU2707203996 Belgrade NASA BORBA
in Serbo-Croatian 26 Jul 96 p 2

[Commentary by M. Saponja-Hadzic: "A Long Way Toward Establishing Diplomatic Relations"]

[FBIS Translated Text] "The establishment of diplomatic relations between the Federal Republic of Yugoslavia and Bosnia-Herzegovina will still have to wait because the Yugoslav side continues to demand that Bosnia withdraw its charges of genocide against the FRY and recognize the FRY's continuity, which is not in accordance with Bosnian views," Kasim Trnka, Ambassador of Bosnia-Herzegovina to Croatia, and member of the Bosnian delegation that recently visited Belgrade, told NASA BORBA.

"The Yugoslav side has tried publicly to show the Bosnian delegation not as a state delegation, but as a delegation of the Federation of Bosnia-Herzegovina, which is not true," Trnka said, and added that there had also been difficulties in issuing a statement after the talks. "The FRY did not want to issue a joint statement after the talks between Foreign Ministers Jadranko Prlic and Milan Milutinovic. They issued their own statement, which contains a controversial point regarding the recognition of the continuity of the FRY in relation to the former state, because the statement makes it appear that the Bosnian state delegation had agreed with that, and that is not in keeping with our views," Trnka said.

"The Zagreb media have carried the news that the agreed visa-free regime of travel between the two countries [FRY and Bosnia-Herzegovina] will be introduced after the elections in Bosnia and will be applied immediately. We have been informed that the Yugoslav Foreign Ministry has already been instructed to abolish visas," Trnka added.

FRY: PM Kotic Confers With Macedonian Businessmen

*LD2607201296 Belgrade TANJUG in English
1834 GMT 26 Jul 96*

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, July 26 (TANJUG)—Yugoslav Prime Minister Radoje Kotic conferred here on Friday with a Macedonian delegation of businessmen about the possibilities of promoting Yugoslav-Macedonian economic cooperation.

The delegation, headed by President of the Macedonian Chamber of the Economy Dusan Petreski, is currently on a visit to Yugoslavia at the invitation of the Serbian Chamber of the Economy.

Kotic said considerable headway had been made in the development of bilateral relations since the signing of the agreement on regulating and promoting relations between Yugoslavia and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], the Yugoslav information secretariat said.

Kotic underscored Yugoslavia's readiness to establish with Macedonia the free circulation of goods, people and capital and noted that cooperation between Yugoslav and Macedonian businessmen greatly contributes to the process of integration in the Balkans.

Petreski and his Serbian counterpart Vlajko Stojiljkovic urged the further liberalization of Yugoslav and Macedonian trade and economic relations, and hoped that the free trade cooperation would be established between the two countries the coming autumn.

It was agreed that businessmen should propose to their governments to draft an urgent agreement on Yugoslav-Macedonian economic and trade cooperation, while, pending its ratification, foreign trade measures should be reviewed by parliaments.

FRY: Minister Urges Rescheduling of Debts at London Club Talks

*LD2607124196 Belgrade TANJUG in English
1215 GMT 26 Jul 96*

["Pool" item]

[FBIS Transcribed Text] London, July 26 (TANJUG)—Yugoslavia insists on the rescheduling of old debts in talks with the London Club, so that it can develop and restore its economy, Yugoslav Minister Vuk Ognjanovic, who heads the Yugoslav delegation to the talks, said on Friday.

Ognjanovic said that the unblocking of Yugoslav funds in foreign banks and ensuring of new financial arrange-

ments were necessary for the Yugoslav economy, which was hit hard by the international sanctions.

Representatives of the 16 biggest banks, which comprise the London Club coordination committee, showed great understanding for, and interest in, this Yugoslav commitment, Ognjanovic said.

The second round of the three-day talks with the London Club ends on Friday, when the discussion will resume on basic principles of an agreement on the rescheduling of former Yugoslavia's debts and paving the way for Yugoslavia's full return to the world capital market.

Ognjanovic described as specially interesting a Yugoslav proposal that the existing debts to commercial banks should become their shares in Yugoslav companies, and in this way make the debts conducive to the economic recovery and development.

The talks are unfolding with expected difficulties, but, on the whole, they can be described as successful.

The London Club has for the first time given a list of principles and issues that should be part of a future agreement and Yugoslav delegation circles interpreted this as an indication that an agreement will be reached.

It was agreed that the talks should serve as an initiative for procedures aimed at unblocking Yugoslav funds in the countries where they are still blocked and doing that in such a way to make them conducive to the future agreement and economic recovery.

The talks are expected to resume probably in September, when an agreement between Yugoslavia and the London Club should be drawn up.

Serbia

Serbia: Seselj: Milosevic Will Rig Refugee Votes To Destroy RS

*AU2707203496 Belgrade NASA BORBA
in Serbo-Croatian 26 Jul 96 p 2*

[Report by V.D.: "Seselj: Refugee Votes Will be Falsified"]

[FBIS Translated Text] At today's press conference, the Serbian Radical Party [SRS] has called on "all Serb refugees from the territory of the former Bosnia-Herzegovina" to register with one of the municipalities in the Serb Republic [RS] by 31 July to confirm their right to vote.

According to Vojislav Seselj, chairman of the SRS, it is dangerous for the refugees to vote in Serbia, Montenegro, or abroad. "All votes will be falsified and redirected from patriotic to traitorous parties to take

away the RS's identity and legitimacy and destroy all the results of the Serb people's struggle for liberation," Seselj said.

Yesterday the radicals also summoned the republic Assembly to pass a decision to revoke president Slobodan Milosevic's right to negotiate on behalf of the RS. According to Seselj, Milosevic is abusing his authority and is making decisions that are destroying the RS, and therefore it is "imperative that this right is taken away before a decision is made regarding Brcko, whose relinquishment could either cause a new war, or the destruction of the RS."

The radicals appealed to the RS Government to provide space for the housing of Serb refugees from Eastern Slavonia and Baranja, who are facing a possible mass exodus.

"Milosevic has made a deal to surrender Eastern Slavonia and Baranja to the Croats, and now it is only a matter of logistics. It seems that the only way for the Serbs to save their own lives will be to flee temporarily from that territory," the SRS leader said.

Montenegro

Montenegro: Prime Minister Speaks of New Hope for Country

AU2507175096 Podgorica POBJEDA
in Serbo-Croatian 13 Jul 96 p 2-4

[Report on speech by Milo Djukanovic, prime minister of Montenegro, at the session of the Montenegrin Assembly in Podgorica on 12 July, by Silvija Radulovic, Jovan Stamatovic, Predrag Sekulic, and Zoran Boskovic: "The Voters Will Decide"]

[FBIS Translated Excerpt]

Diplomatic Goals

On the political plan of our opening up to the world, we wish to implement three of our priority diplomatic goals.

Our first goal is to establish relations with our neighbors. We have managed to preserve relations with Italy, and we have improved relations with Albania. We have established relations with Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], and we also want to establish relations with the other former Yugoslav republics, and that is our first diplomatic goal.

Our second, or perhaps also first, diplomatic goal is to establish links with the EU, and we absolutely recognize the need to integrate into a developed Europe. We wish to come closer to that developed Europe in all as-

pects, and we wish to become an institutional part of that united and developed Europe as soon as possible. Another foreign policy priority is our relations with the United States. I have repeatedly explained our reasons for such foreign policy priorities. Certainly, these reasons lie in the fact that the United States is the greatest power in the world. Unfortunately, due to our long absence from U.S. political and public life, a bad impression still prevails about Montenegro as part of the Federal Republic of Yugoslavia, although we have changed that impression to some extent through intensive diplomatic activity. We wish to further improve that image, respecting the fact that the leading role of the United States of America will bring about a far more rapid change in the stand of the international community toward Montenegro, and we hope also toward the Federal Republic of Yugoslavia.

Also regarding that issue, there are people here who wish to diminish the results we have achieved so far; they want to falsify certain documents. They still say that no one acknowledges Montenegro, that no one accepts Montenegro. They forget the fact that we have always been accepted wherever we requested to be accepted, from Washington to London, from Paris to Rome. We have spoken with all the top leaders who make the foreign policy of Europe and the whole world. I have to tell you, at the regret, it seems, of a number of you sitting here with us in the Assembly, that we received undivided sympathy for what we had told them about Montenegro, not only for what we had told them, but for what they had seen in Montenegro. Do I need to remind you that the American congressmen were here, that they said then that Montenegro could be a model for how life should be in the Balkans, that they submitted their views in a report to their Congress, that on the basis of that report I had open access to the U.S. Congress. But in the famous party newspaper of the People's Party, there appeared a text which literally says—"if they are so good, why don't you take them to America to govern America." That is how far these blackguards would go just to have us vacate some space for them to get their hands on a small scrap of power. I just want to illustrate how far this madness is going. They refer to my meeting with president Clinton, the head of the world's greatest power, this exceptional diplomatic success, one that every country in the world would be proud to achieve, as my participation in his election campaign, asking how much money Montenegro had given to president Clinton. At the same time, they have the gall to expect the international community, whose leading country is the United States, to support them in their efforts to create a democratic government, unaware that in this way they dishonor the United States, and its Democratic Party, and its president.

I say here openly and with full responsibility, that I had no part at all in President Clinton's election campaign, and that Montenegro has not given one single penny to President Clinton, his party, nor the United States. On the contrary, we were there to try and convince them to invest some money here. That is what we were doing, for those who did not know, or did not want to know. So, those are the reasons for which we believe that the past period cannot be devalued, a period in which we have already made good progress for Montenegro, progress of capital state-political importance, even though in this situation we still cannot act completely freely, because the sanctions have only been suspended and not lifted, a period which has only lasted for about eight months, and I am personally very satisfied for achieving during those eight months all that we had carefully been planning during the time of the sanctions, which gives me hope, and not only to me, because I have never based my policy on ambition for power, nor unrealistic optimism, but always on realism, and that has always been evident.

So, I have hope that by the end of this mandate and in the next mandate, we can continue with the policy that definitely leads Montenegro on a path of democratic and economic prosperity and its coming closer to the developed world. How we will do that, I repeat, after the elections—in the way that will be possible, Prime Minister Milo Djukanovic pointed out.

Kosovo

Kosovo: Liberal Party Head Visits U.S. Information Center

AU2507204796 Belgrade BETA in Serbo-Croatian
1355 GMT 25 Jul 96

[FBIS Translated Text] Pristina, 25 Apr (BETA)—Djerdj Dedaj, president of the Liberal Party of Kosovo which rallies the Albanians, said today that the political and physical presence of the United States in Kosovo makes it possible to prevent any possible conflict in Kosovo.

During his visit to the U.S. Information Center in Pristina, Dedaj expressed hope that the United States "which played a historic role in creating and establishing

peace in many countries" will do so in Kosovo as well, "by initiating and imposing an equal dialogue between Kosovo Albanian Leader Ibrahim Rugova and Serbian President Slobodan Milosevic."

David Mais, head of the Center, said that the United States will continue its efforts on justly resolving the issue of Kosovo, the human and ethnic rights of the Albanian people in Kosovo, as well as on normalizing institutional life and creating conditions for democratizing life in Kosovo.

Kosovo: Italian Envoy: World Community Opposed to Secession

LD2307164696 Belgrade TANJUG in English
1627 GMT 23 Jul 96

["Pool" item]

[FBIS Transcribed Text] Belgrade, July 23 (TANJUG)—Italy's Ambassador in Belgrade Francesco Bascone said on Tuesday [23 July] during a meeting with Yugoslav lower house speaker Radoman Bozovic that the international community was opposed to a secession of the Serbian province of Kosovo and Metohija (Kosmet).

Bascone said that it was encouraging that Yugoslav authorities and ethnic Albanian parties in Kosmet were ready to start a dialogue. He added, however, that FRY should clearly demonstrate its willingness to a dialogue to the world because that would facilitate its international reintegration.

A strong separatist movement has been active in Kosmet for decades. Separatist ethnic Albanian leaders have illegally proclaimed the province into a republic and seek the province's secession from Serbia and the FRY and [word indistinct] with neighbouring Albania.

Both sides pointed to traditionally good relations between the two countries and a need for their further promotion, particularly in the field of economy.

Bozovic invited Italian members of parliament and their speaker to visit Yugoslavia and the Yugoslav parliament.

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